

FISCAL BIENNIUM 2008-2010 COMMONWEALTH BUDGET FINAL BUDGET MEMORANDUM

VOLUME IV

Legislative Research Commission

June 4, 2008

This FB 2008-2010 Commonwealth Budget Final Budget Memorandum, as approved by the Legislative Research Commission pursuant to 2008 HJR 81, enumerates the changes made by the 2008 General Assembly to HB 406, the State/Executive Branch Budget Bill, and provides explanatory detail to convey the intent of their actions. This report addresses not only provisions of HB 406, but also applicable provisions of HB 2, HB 410, HB 514, and HB 608 that impact, add, or modify appropriations provisions contained in HB 406. Volume VI lists the Biennial Highway Construction projects approved by the General Assembly in HB 79, which was subsequently vetoed by the Governor in its entirety.

THIS PAGE INTENTIONALLY LEFT BLANK

**FISCAL BIENNIUM 2008-2010 COMMONWEALTH BUDGET
FINAL BUDGET MEMORANDUM**

Table of Contents

<u>VOLUME I</u>	<u>PAGE</u>	<u>VOLUME Ia</u>	<u>PAGE</u>
<u>COMMONWEALTH BUDGET SUMMARY</u>		Coal Severance Tax Projects	1
General Fund Budget Summary	3	Infrastructure for Economic Development Fund for Coal Producing Counties	36
Other Budgetary Resources	5	Infrastructure for Economic Development Fund for Non-Coal Producing Counties	45
Budget Lapses and Other Savings	7		
Fund Transfers (Part V)	9		
Road Fund Summary	19		
Commonwealth and Branch Summaries	21		
Fund Source Tables	29		
State Bond Projects	39		
		<u>VOLUME II</u>	
		General Government	A-1
		Commerce Cabinet	B-1
		<u>VOLUME III</u>	
<u>GENERAL AND SPECIAL PARTS AND SECTIONS</u>		Economic Development Cabinet	C-1
GENERAL PARTS:		Department of Education	D-1
Part II Capital Projects Budget	49	Education Cabinet	E-1
Part III General Provisions	55	Environmental and Public Protection Cabinet	F-1
Part IV State Salary/Compensation and Employment Policy	67		
Part VI General Fund Budget Reduction Plan	71		
Part VII General Fund Contingency Plan	73		
Part VIII Road Fund Budget Reduction Plan	77		
Part IX Road Fund Surplus Expenditure Plan	79		
Part X Phase I Tobacco Settlement	81		
Summary of Tobacco Settlement Appropriations	89		
		<u>VOLUME IV</u>	
		Finance and Administration Cabinet	G-1
		Health and Family Services Cabinet	H-1
		Justice and Public Safety Cabinet	I-1
		Personnel Cabinet	J-1
		<u>VOLUME V</u>	
		Postsecondary Education	K-1
		Transportation Cabinet	L-1
SPECIAL PARTS:		<u>VOLUME VI</u>	
Part XII Insurance Coverage, Affordability and Relief to Small Employers (ICARE) Plan	95	2008-2010 Biennial Highway Construction Plan	
Part XIII Base Realignment and Closure (BRAC)	107		

THIS PAGE INTENTIONALLY LEFT BLANK

G - Finance and Administration Cabinet

THIS PAGE INTENTIONALLY LEFT BLANK

Table of Contents

G - Finance and Administration Cabinet

General Administration	G - 9
Controller	G - 13
Debt Service	G - 19
Facilities and Support Services	G - 23
County Costs	G - 29
Commonwealth Office of Technology	G - 31
Revenue	G - 37
Property Valuation Administrators	G - 41
Kentucky Lottery Corporation	G - 43
Finance and Administration	G - 45

THIS PAGE INTENTIONALLY LEFT BLANK

G - Finance and Administration Cabinet

Operating Budget

Summary Totals

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	6,604,900	6,604,900		15,691,500	15,691,500		15,692,900	15,692,900	
General Fund	389,987,800	389,987,800		555,219,300	557,219,300	2,000,000	551,559,600	552,232,600	673,000
Restricted Funds	150,804,400	150,804,400		154,562,900	152,312,900	(2,250,000)	157,949,600	155,699,600	(2,250,000)
Federal Funds	1,775,000	1,775,000		1,400,000	1,400,000		1,400,000	1,400,000	
Road Fund	2,400,000	2,400,000		2,725,000	2,725,000		2,725,000	2,725,000	
Regular Total Funds	551,572,100	551,572,100		729,598,700	729,348,700	(250,000)	729,327,100	727,750,100	(1,577,000)
Use of Continuing	9,017,500	9,017,500							
TOTAL FUNDS	560,589,600	560,589,600		729,598,700	729,348,700	(250,000)	729,327,100	727,750,100	(1,577,000)
II. EXPENDITURE CATEGORY									
Personnel Costs	173,795,600	173,795,600		166,975,900	170,975,900	4,000,000	171,160,100	173,960,100	2,800,000
Operating Expenses	116,021,000	116,021,000		121,424,700	119,424,700	(2,000,000)	124,534,200	122,534,200	(2,000,000)
Grants, Loans, Benefits	5,325,000	5,325,000		2,425,000	2,425,000		2,425,000	2,425,000	
Debt Service	249,560,200	249,560,200		427,612,500	427,612,500		420,513,000	420,386,000	(127,000)
Capital Outlay	9,913,800	9,913,800		4,460,600	4,460,600		4,460,600	4,460,600	
Construction	5,974,000	5,974,000		6,700,000	4,450,000	(2,250,000)	6,234,200	3,984,200	(2,250,000)
TOTAL EXPENDITURES	560,589,600	560,589,600		729,598,700	729,348,700	(250,000)	729,327,100	727,750,100	(1,577,000)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	6,604,900	6,604,900		15,691,500	15,691,500		15,692,900	15,692,900	
General Fund	389,987,800	389,987,800		549,586,900	548,586,900	(1,000,000)	545,524,600	544,397,600	(1,127,000)
Restricted Funds	150,804,400	150,804,400		151,949,400	150,449,400	(1,500,000)	154,382,800	152,882,800	(1,500,000)
Federal Funds	1,775,000	1,775,000		1,400,000	1,400,000		1,400,000	1,400,000	
Road Fund	2,400,000	2,400,000		2,725,000	2,725,000		2,725,000	2,725,000	
Regular Total Funds	551,572,100	551,572,100		721,352,800	718,852,800	(2,500,000)	719,725,300	717,098,300	(2,627,000)
Use of Continuing	9,017,500	9,017,500							
TOTAL BASE LEVEL	560,589,600	560,589,600		721,352,800	718,852,800	(2,500,000)	719,725,300	717,098,300	(2,627,000)
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				5,632,400	8,632,400	3,000,000	6,035,000	7,835,000	1,800,000
Restricted Funds				2,613,500	1,863,500	(750,000)	3,566,800	2,816,800	(750,000)
TOTAL ADDITIONAL				8,245,900	10,495,900	2,250,000	9,601,800	10,651,800	1,050,000

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

G - Finance and Administration Cabinet

Capital Budget

Summary Totals

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Restricted Funds				6,005,000	4,505,000	(1,500,000)	4,400,000	2,900,000	(1,500,000)
Bond Funds				26,000,000	104,000,000	78,000,000			
Capital Construction Surplus				3,000,000	2,500,000	(500,000)			
Other Funds				19,600,000	19,600,000				
TOTAL CAPITAL				54,605,000	130,605,000	76,000,000	4,400,000	2,900,000	(1,500,000)

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

FINANCE AND ADMINISTRATION CABINET OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration	44,178,800	44,178,800		41,326,500	40,326,500	(1,000,000)	43,689,800	42,689,800	(1,000,000)
Controller	16,697,400	16,697,400		17,522,700	17,522,700		17,479,400	17,479,400	
Debt Service	240,542,700	240,542,700		427,612,500	427,612,500		420,513,000	420,386,000	(127,000)
Facilities and Support Services	38,422,000	38,422,000		41,399,100	40,649,100	(750,000)	41,830,000	41,080,000	(750,000)
County Costs	22,431,500	22,431,500		19,513,600	18,513,600	(1,000,000)	19,513,500	18,513,500	(1,000,000)
Commonwealth Office of Technology	68,592,400	68,592,400		68,165,600	66,665,600	(1,500,000)	69,082,100	67,582,100	(1,500,000)
Revenue	82,165,000	82,165,000		78,213,600	79,213,600	1,000,000	80,165,100	81,165,100	1,000,000
Property Valuation Administrators	38,542,300	38,542,300		35,845,100	38,845,100	3,000,000	37,054,200	38,854,200	1,800,000
Regular Appropriation	551,572,100	551,572,100		729,598,700	729,348,700	(250,000)	729,327,100	727,750,100	(1,577,000)

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

FINANCE AND ADMINISTRATION CABINET OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND (TOBACCO)									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Debt Service	6,429,900	6,429,900		15,416,500	15,416,500		15,417,900	15,417,900	
Revenue	175,000	175,000		275,000	275,000		275,000	275,000	
Regular Appropriation	6,604,900	6,604,900		15,691,500	15,691,500		15,692,900	15,692,900	

GENERAL FUND (TOBACCO)

CONTINUED RESERVE SPENDING SUMMARY BY APPROPRIATION UNIT

Debt Service	9,017,500	9,017,500	
Reserve Spending	9,017,500	9,017,500	

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

FINANCE AND ADMINISTRATION CABINET OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration	10,572,800	10,572,800		9,309,200	8,309,200	(1,000,000)	9,446,500	8,446,500	(1,000,000)
Controller	10,245,000	10,245,000		9,196,800	9,196,800		9,224,300	9,224,300	
Debt Service	234,112,800	234,112,800		412,196,000	412,196,000		405,095,100	404,968,100	(127,000)
Facilities and Support Services	7,461,600	7,461,600		6,193,400	6,193,400		6,294,600	6,294,600	
County Costs	20,481,500	20,481,500		17,581,500	16,581,500	(1,000,000)	17,581,500	16,581,500	(1,000,000)
Revenue	73,943,200	73,943,200		68,397,300	69,397,300	1,000,000	70,363,400	71,363,400	1,000,000
Property Valuation Administrators	33,170,900	33,170,900		32,345,100	35,345,100	3,000,000	33,554,200	35,354,200	1,800,000
Regular Appropriation	389,987,800	389,987,800		555,219,300	557,219,300	2,000,000	551,559,600	552,232,600	673,000

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

FINANCE AND ADMINISTRATION CABINET OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
RESTRICTED FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration	33,206,000	33,206,000		31,617,300	31,617,300		33,843,300	33,843,300	
Controller	5,452,400	5,452,400		7,325,900	7,325,900		7,255,100	7,255,100	
Facilities and Support Services	30,960,400	30,960,400		35,205,700	34,455,700	(750,000)	35,535,400	34,785,400	(750,000)
County Costs	1,950,000	1,950,000		1,932,100	1,932,100		1,932,000	1,932,000	
Commonwealth Office of Technology	67,817,400	67,817,400		67,765,600	66,265,600	(1,500,000)	68,682,100	67,182,100	(1,500,000)
Revenue	6,046,800	6,046,800		7,216,300	7,216,300		7,201,700	7,201,700	
Property Valuation Administrators	5,371,400	5,371,400		3,500,000	3,500,000		3,500,000	3,500,000	
Regular Appropriation	150,804,400	150,804,400		154,562,900	152,312,900	(2,250,000)	157,949,600	155,699,600	(2,250,000)

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY**FINANCE AND ADMINISTRATION CABINET OPERATING BUDGET**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
FEDERAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Controller	1,000,000	1,000,000		1,000,000	1,000,000		1,000,000	1,000,000	
Commonwealth Office of Technology	775,000	775,000		400,000	400,000		400,000	400,000	
Regular Appropriation	1,775,000	1,775,000		1,400,000	1,400,000		1,400,000	1,400,000	

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

FINANCE AND ADMINISTRATION CABINET OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
ROAD FUND									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration	400,000	400,000		400,000	400,000		400,000	400,000	
Revenue	2,000,000	2,000,000		2,325,000	2,325,000		2,325,000	2,325,000	
Regular Appropriation	2,400,000	2,400,000		2,725,000	2,725,000		2,725,000	2,725,000	

G - Finance and Administration Cabinet

Operating Budget

General Administration

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	10,572,800	10,572,800		9,309,200	8,309,200	(1,000,000)	9,446,500	8,446,500	(1,000,000)
Restricted Funds	33,206,000	33,206,000		31,617,300	31,617,300		33,843,300	33,843,300	
Road Fund	400,000	400,000		400,000	400,000		400,000	400,000	
Regular Total Funds	44,178,800	44,178,800		41,326,500	40,326,500	(1,000,000)	43,689,800	42,689,800	(1,000,000)
Use of Continuing									
TOTAL FUNDS	44,178,800	44,178,800		41,326,500	40,326,500	(1,000,000)	43,689,800	42,689,800	(1,000,000)
II. EXPENDITURE CATEGORY									
Personnel Costs	13,012,200	13,012,200		12,489,900	12,489,900		12,787,800	12,787,800	
Operating Expenses	22,600,000	22,600,000		25,161,200	24,161,200	(1,000,000)	27,626,600	26,626,600	(1,000,000)
Capital Outlay	8,566,600	8,566,600		3,275,400	3,275,400		3,275,400	3,275,400	
Construction				400,000	400,000				
TOTAL EXPENDITURES	44,178,800	44,178,800		41,326,500	40,326,500	(1,000,000)	43,689,800	42,689,800	(1,000,000)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	10,572,800	10,572,800		9,309,200	8,309,200	(1,000,000)	9,446,500	8,446,500	(1,000,000)
Restricted Funds	33,206,000	33,206,000		30,617,300	30,617,300		31,843,300	31,843,300	
Road Fund	400,000	400,000		400,000	400,000		400,000	400,000	
Regular Total Funds	44,178,800	44,178,800		40,326,500	39,326,500	(1,000,000)	41,689,800	40,689,800	(1,000,000)
Use of Continuing									
TOTAL BASE LEVEL	44,178,800	44,178,800		40,326,500	39,326,500	(1,000,000)	41,689,800	40,689,800	(1,000,000)
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
Restricted Funds				1,000,000	1,000,000		2,000,000	2,000,000	
TOTAL ADDITIONAL				1,000,000	1,000,000		2,000,000	2,000,000	
V. ADDITIONAL BUDGET ITEMS									
1 GB General Administration Growth Request									
ABR75000001 Provides funds for vehicle maintenance.									
Restricted Funds				1,000,000	1,000,000		2,000,000	2,000,000	
Project Total				1,000,000	1,000,000		2,000,000	2,000,000	
TOTAL ADDITIONAL				1,000,000	1,000,000		2,000,000	2,000,000	

TRANSFERS TO THE GENERAL FUND

General Administration

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY**G - Finance and Administration Cabinet****Operating Budget****General Administration**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TRANSFERS TO THE GENERAL FUND									
Fleet Management Fund				4,272,400	4,272,400		1,500,000	1,500,000	
TOTAL				4,272,400	4,272,400		1,500,000	1,500,000	

GENERAL ADMINISTRATION

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from General Administration, Restricted Funds of \$4,272,400 in fiscal year 2008-2009 and \$1,500,000 in fiscal year 2009-2010.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly reduces General Fund support totaling \$1,000,000 in each fiscal year.

The General Assembly amends Part I, Operating Budget, to include the following language provisions:

"State Motor Vehicle Fleet: The Secretary of the Finance and Administration Cabinet shall restrict permanently assigned vehicles to only Constitutional Officers, the Court of Justice, Executive Cabinet Secretaries, law enforcement, or for other public safety purposes. A report listing the recipients of permanently assigned vehicles from the State Motor Vehicle Fleet shall be submitted to the Interim Joint Committee on Appropriations and Revenue by August 1 of each fiscal year."

"Conveyance of Property: Notwithstanding KRS Chapter 45A, the Secretary of the Finance and Administration Cabinet shall convey to Kenton County, Kentucky any reverter interest it may have in the real estate located at 34 West Fifth Street, Covington, Kentucky."

GENERAL ADMINISTRATION

The General Assembly sustains the following veto message from the Governor of the Commonwealth:

Veto #6 of HB 406 - *"I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:*

Page 69, line 27, in its entirety.

Page 70, lines 1 through 3 in their entirety.

I am vetoing this part because a similar outcome can be achieved through other methods without removing an appropriate requirement that publicly acquired real estate assets continue to be used for public purposes. This part suspends existing laws to require that the Secretary of the Finance and Administration Cabinet convey to Kenton County the Commonwealth's reversionary interest in certain property in Covington, Kentucky and is being pursued to allow the County's lessee to obtain a mortgage for improvements. I am directing the Secretary of Finance and Administration to work with Kenton County to allow the county to obtain mortgage financing to improve the property for its continued use for public purposes."

G - Finance and Administration Cabinet

Operating Budget

Controller

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	10,245,000	10,245,000		9,196,800	9,196,800		9,224,300	9,224,300	
Restricted Funds	5,452,400	5,452,400		7,325,900	7,325,900		7,255,100	7,255,100	
Federal Funds	1,000,000	1,000,000		1,000,000	1,000,000		1,000,000	1,000,000	
Regular Total Funds	16,697,400	16,697,400		17,522,700	17,522,700		17,479,400	17,479,400	
Use of Continuing									
TOTAL FUNDS	16,697,400	16,697,400		17,522,700	17,522,700		17,479,400	17,479,400	
II. EXPENDITURE CATEGORY									
Personnel Costs	7,838,900	7,838,900		7,852,000	7,852,000		7,451,400	7,451,400	
Operating Expenses	7,858,500	7,858,500		8,670,700	8,670,700		9,028,000	9,028,000	
Grants, Loans, Benefits	1,000,000	1,000,000		1,000,000	1,000,000		1,000,000	1,000,000	
TOTAL EXPENDITURES	16,697,400	16,697,400		17,522,700	17,522,700		17,479,400	17,479,400	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	10,245,000	10,245,000		9,130,800	9,130,800		9,158,300	9,158,300	
Restricted Funds	5,452,400	5,452,400		7,325,900	7,325,900		7,255,100	7,255,100	
Federal Funds	1,000,000	1,000,000		1,000,000	1,000,000		1,000,000	1,000,000	
Regular Total Funds	16,697,400	16,697,400		17,456,700	17,456,700		17,413,400	17,413,400	
Use of Continuing									
TOTAL BASE LEVEL	16,697,400	16,697,400		17,456,700	17,456,700		17,413,400	17,413,400	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				66,000	66,000		66,000	66,000	
TOTAL ADDITIONAL				66,000	66,000		66,000	66,000	
V. ADDITIONAL BUDGET ITEMS									
1 GB	Controllers Office Growth Request								
ABR75800001	Provides funds for 2 full-time vacant positions.								
General Fund				66,000	66,000		66,000	66,000	
Project Total				66,000	66,000		66,000	66,000	
TOTAL ADDITIONAL				66,000	66,000		66,000	66,000	

TRANSFERS TO THE GENERAL FUND

Controller

G - Finance and Administration Cabinet

Operating Budget

Controller

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TRANSFERS TO THE GENERAL FUND									
Rural Development Trust Fund - Investment Income (KRS 248.655)	3,231,200	3,231,200							
Early Childhood Development Trust Fund - Investment Income (KRS 200.151)	252,400	252,400							
Health Care Improvement Trust Fund - Investment Income (KRS 194A.0550)	14,000	14,000							
Expendable Trust Fund				3,000,000	3,000,000				
TOTAL	3,497,600	3,497,600		3,000,000	3,000,000				

CONTROLLER

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Social Security Contingent Liability Fund: Any expenditures that may be required by KRS 61.470 are hereby deemed necessary government expenses and shall be paid first from the General Fund Surplus Account (KRS 48.700), if available, or from any available balance in either the General Government, Judgments budget unit appropriation, or the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act."

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes the following transfers from the Office of the Controller in fiscal year 2008, Trust Fund Investment Income from Rural Development, Early Childhood Development, and Health Care Improvement, in the amounts of \$3,231,200, \$252,400, and \$14,000, respectively and includes a transfer from the Expendable Trust Fund of \$3,000,000 in fiscal year 2009.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

THIS PAGE INTENTIONALLY LEFT BLANK

G - Finance and Administration Cabinet**Capital Budget****Controller**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Restricted Funds				1,605,000	1,605,000				
TOTAL CAPITAL				1,605,000	1,605,000				
II. CAPITAL PROJECTS									
1	Statewide Budget System Upgrade								
PRJ75805000									
Restricted Funds				1,005,000	1,005,000				
Project Total				1,005,000	1,005,000				
2	Investment Management System Upgrade								
PRJ75805001									
Restricted Funds				600,000	600,000				
Project Total				600,000	600,000				
TOTAL CAPITAL				1,605,000	1,605,000				

THIS PAGE INTENTIONALLY LEFT BLANK

G - Finance and Administration Cabinet

Operating Budget

Debt Service

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	6,429,900	6,429,900		15,416,500	15,416,500		15,417,900	15,417,900	
General Fund	234,112,800	234,112,800		412,196,000	412,196,000		405,095,100	404,968,100	(127,000)
Regular Total Funds	240,542,700	240,542,700		427,612,500	427,612,500		420,513,000	420,386,000	(127,000)
Use of Continuing	9,017,500	9,017,500							
TOTAL FUNDS	249,560,200	249,560,200		427,612,500	427,612,500		420,513,000	420,386,000	(127,000)
II. EXPENDITURE CATEGORY									
Debt Service	249,560,200	249,560,200		427,612,500	427,612,500		420,513,000	420,386,000	(127,000)
TOTAL EXPENDITURES	249,560,200	249,560,200		427,612,500	427,612,500		420,513,000	420,386,000	(127,000)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	6,429,900	6,429,900		15,416,500	15,416,500		15,417,900	15,417,900	
General Fund	234,112,800	234,112,800		412,196,000	412,196,000		405,095,100	404,968,100	(127,000)
Regular Total Funds	240,542,700	240,542,700		427,612,500	427,612,500		420,513,000	420,386,000	(127,000)
Use of Continuing	9,017,500	9,017,500							
TOTAL BASE LEVEL	249,560,200	249,560,200		427,612,500	427,612,500		420,513,000	420,386,000	(127,000)
TRANSFERS TO THE GENERAL FUND									
Debt Service									
Unexpended Debt Service	16,257,500	16,257,500							
Tobacco Settlement - Phase I (KRS 248.655)									
TOTAL	16,257,500	16,257,500							

DEBT SERVICE

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions as follows:

"New Debt Service: Included in the above General Fund appropriation is \$1,327,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act for budget units within the Finance and Administration Cabinet."

"Tobacco Settlement Funds - Debt Service: To the extent that revenues sufficient to support the required debt service appropriations are received from the Tobacco Settlement Program, those revenues shall be made available from those accounts to the appropriate account of the General Fund. All necessary debt service amounts shall be appropriated from the General Fund and shall be fully paid regardless of whether there is a sufficient amount available to be transferred from tobacco-supported funding program accounts to other accounts of the General Fund."

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from Debt Service, Tobacco Settlement Funds of \$16,257,500 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement, provides \$15,416,500 in fiscal year 2008-2009 and \$15,417,900 in fiscal year 2009-2010 for debt service on previously authorized Bond Funded projects.

The State/Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement, includes a language provision as follows:

DEBT SERVICE

"Debt Service: To the extent that revenues sufficient to support the required debt service appropriations are received from the Tobacco Settlement Program, those revenues shall be made available from those accounts to the appropriate account of the General Fund. All necessary debt service amounts shall be appropriated from the General Fund and shall be fully paid regardless of whether there is a sufficient amount available to be transferred from tobacco-supported funding program accounts to other accounts of the General Fund."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly modifies Part I, Operating Budget, language provision as follows:

"New Debt Service: Included in the above General Fund appropriation is \$1,200,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act for budget units within the Finance and Administration Cabinet."

The General Assembly amends General Fund supported debt service to reflect the revised appropriation amount of \$6,000,000 in Bond Funds for the Facilities and Support Services Maintenance Pool in fiscal year 2009-2010.

THIS PAGE INTENTIONALLY LEFT BLANK

G - Finance and Administration Cabinet

Operating Budget

Facilities and Support Services

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	7,461,600	7,461,600		6,193,400	6,193,400		6,294,600	6,294,600	
Restricted Funds	30,960,400	30,960,400		35,205,700	34,455,700	(750,000)	35,535,400	34,785,400	(750,000)
Regular Total Funds	38,422,000	38,422,000		41,399,100	40,649,100	(750,000)	41,830,000	41,080,000	(750,000)
Use of Continuing									
TOTAL FUNDS	38,422,000	38,422,000		41,399,100	40,649,100	(750,000)	41,830,000	41,080,000	(750,000)
II. EXPENDITURE CATEGORY									
Personnel Costs	21,444,000	21,444,000		21,901,500	21,901,500		22,406,900	22,406,900	
Operating Expenses	16,208,300	16,208,300		17,597,600	17,597,600		17,588,900	17,588,900	
Capital Outlay	162,000	162,000							
Construction	607,700	607,700		1,900,000	1,150,000	(750,000)	1,834,200	1,084,200	(750,000)
TOTAL EXPENDITURES	38,422,000	38,422,000		41,399,100	40,649,100	(750,000)	41,830,000	41,080,000	(750,000)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	7,461,600	7,461,600		6,193,400	6,193,400		6,294,600	6,294,600	
Restricted Funds	30,960,400	30,960,400		33,592,200	33,592,200		33,968,600	33,968,600	
Regular Total Funds	38,422,000	38,422,000		39,785,600	39,785,600		40,263,200	40,263,200	
Use of Continuing									
TOTAL BASE LEVEL	38,422,000	38,422,000		39,785,600	39,785,600		40,263,200	40,263,200	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
Restricted Funds				1,613,500	863,500	(750,000)	1,566,800	816,800	(750,000)
TOTAL ADDITIONAL				1,613,500	863,500	(750,000)	1,566,800	816,800	(750,000)
V. ADDITIONAL BUDGET ITEMS									
1 GB Facilities and Support Services Growth Request									
ABR78500001 Provides funds to support 4 filled positions and capital construction projects.									
Restricted Funds				1,613,500	863,500	(750,000)	1,566,800	816,800	(750,000)
Project Total				1,613,500	863,500	(750,000)	1,566,800	816,800	(750,000)
TOTAL ADDITIONAL				1,613,500	863,500	(750,000)	1,566,800	816,800	(750,000)

TRANSFERS TO THE GENERAL FUND**Facilities and Support Services**

Property Management Fund	750,000	750,000	750,000	750,000
--------------------------	---------	---------	---------	---------

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY**G - Finance and Administration Cabinet****Operating Budget****Facilities and Support Services**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL					750,000	750,000		750,000	750,000

FACILITIES AND SUPPORT SERVICES

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the Capital Construction Investment Income Account of \$30,083,400 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision as follows:

"Capital appropriations in the amount of \$20,000,000 from bond funds in Part II, Capital Projects Budget, of this Act will be used to partially replace this transfer of funds to the General Fund."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly reduces Restricted Fund support totaling \$750,000 in each fiscal year.

The General Assembly amends Part II, Capital Budget, to revise the appropriation to \$6,000,000 in Bond Funds for the Maintenance Pool - 2008-2010 and to \$2,500,000 from the Capital Construction Surplus Account for the Emergency Repair, Maintenance, and Replacement Account.

The General Assembly amends Part V, Funds Transfer, to revise the transfer from the Capital Construction Investment Income Account to \$3,300,000 in fiscal year 2008-2009 and \$32,783,400 in fiscal year 2009-2010 and to include a transfer from Facilities and

FACILITIES AND SUPPORT SERVICES

Support Services, Restricted Funds of \$750,000 in each fiscal year and a transfer from the Capital Construction Surplus Account of \$500,000 in each fiscal year.

The General Assembly modifies Part V, Funds Transfer, language provision as follows:

"Capital appropriations in the amount of \$17,000,000 from bond funds in Part II, Capital Projects Budget, of this Act will be used to partially replace this transfer of funds to the General Fund."

G - Finance and Administration Cabinet**Capital Budget****Facilities and Support Services**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				8,000,000	6,000,000	(2,000,000)			
Capital Construction Surplus				3,000,000	2,500,000	(500,000)			
TOTAL CAPITAL				11,000,000	8,500,000	(2,500,000)			
II. CAPITAL PROJECTS									
1	Maintenance Pool - 2008-2010								
PRJ78501723									
Bond Funds				8,000,000	6,000,000	(2,000,000)			
Project Total				8,000,000	6,000,000	(2,000,000)			
2	Emergency Repair, Maintenance, and Replacement Account								
PRJ78501717									
Capital Construction Surplus				3,000,000	2,500,000	(500,000)			
Project Total				3,000,000	2,500,000	(500,000)			
TOTAL CAPITAL				11,000,000	8,500,000	(2,500,000)			

THIS PAGE INTENTIONALLY LEFT BLANK

G - Finance and Administration Cabinet

Operating Budget

County Costs

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	20,481,500	20,481,500		17,581,500	16,581,500	(1,000,000)	17,581,500	16,581,500	(1,000,000)
Restricted Funds	1,950,000	1,950,000		1,932,100	1,932,100		1,932,000	1,932,000	
Regular Total Funds	22,431,500	22,431,500		19,513,600	18,513,600	(1,000,000)	19,513,500	18,513,500	(1,000,000)
Use of Continuing									
TOTAL FUNDS	22,431,500	22,431,500		19,513,600	18,513,600	(1,000,000)	19,513,500	18,513,500	(1,000,000)
II. EXPENDITURE CATEGORY									
Personnel Costs	1,735,000	1,735,000		1,717,100	1,717,100		1,717,000	1,717,000	
Operating Expenses	16,371,500	16,371,500		16,371,500	15,371,500	(1,000,000)	16,371,500	15,371,500	(1,000,000)
Grants, Loans, Benefits	4,325,000	4,325,000		1,425,000	1,425,000		1,425,000	1,425,000	
TOTAL EXPENDITURES	22,431,500	22,431,500		19,513,600	18,513,600	(1,000,000)	19,513,500	18,513,500	(1,000,000)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	20,481,500	20,481,500		17,581,500	16,581,500	(1,000,000)	17,581,500	16,581,500	(1,000,000)
Restricted Funds	1,950,000	1,950,000		1,932,100	1,932,100		1,932,000	1,932,000	
Regular Total Funds	22,431,500	22,431,500		19,513,600	18,513,600	(1,000,000)	19,513,500	18,513,500	(1,000,000)
Use of Continuing									
TOTAL BASE LEVEL	22,431,500	22,431,500		19,513,600	18,513,600	(1,000,000)	19,513,500	18,513,500	(1,000,000)

COUNTY COSTS

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"County Costs: Funds required to pay county costs are appropriated and additional funds may be allotted from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705) by the Secretary of the Finance and Administration Cabinet, subject to the conditions and procedures provided in this Act."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly provides General Fund support totaling \$16,581,500 in each fiscal year.

G - Finance and Administration Cabinet

Operating Budget

Commonwealth Office of Technology

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
Restricted Funds	67,817,400	67,817,400		67,765,600	66,265,600	(1,500,000)	68,682,100	67,182,100	(1,500,000)
Federal Funds	775,000	775,000		400,000	400,000		400,000	400,000	
Regular Total Funds	68,592,400	68,592,400		68,165,600	66,665,600	(1,500,000)	69,082,100	67,582,100	(1,500,000)
Use of Continuing									
TOTAL FUNDS	68,592,400	68,592,400		68,165,600	66,665,600	(1,500,000)	69,082,100	67,582,100	(1,500,000)
II. EXPENDITURE CATEGORY									
Personnel Costs	40,150,900	40,150,900		40,467,900	40,467,900		41,374,700	41,374,700	
Operating Expenses	21,890,000	21,890,000		22,112,500	22,112,500		22,122,200	22,122,200	
Capital Outlay	1,185,200	1,185,200		1,185,200	1,185,200		1,185,200	1,185,200	
Construction	5,366,300	5,366,300		4,400,000	2,900,000	(1,500,000)	4,400,000	2,900,000	(1,500,000)
TOTAL EXPENDITURES	68,592,400	68,592,400		68,165,600	66,665,600	(1,500,000)	69,082,100	67,582,100	(1,500,000)
III. BASE LEVEL BUDGET BY FUND SOURCE									
Restricted Funds	67,817,400	67,817,400		67,765,600	66,265,600	(1,500,000)	68,682,100	67,182,100	(1,500,000)
Federal Funds	775,000	775,000		400,000	400,000		400,000	400,000	
Regular Total Funds	68,592,400	68,592,400		68,165,600	66,665,600	(1,500,000)	69,082,100	67,582,100	(1,500,000)
Use of Continuing									
TOTAL BASE LEVEL	68,592,400	68,592,400		68,165,600	66,665,600	(1,500,000)	69,082,100	67,582,100	(1,500,000)
TRANSFERS TO THE GENERAL FUND									
Commonwealth Office of Technology									
Computer Services Fund					1,500,000	1,500,000		1,500,000	1,500,000
TOTAL					1,500,000	1,500,000		1,500,000	1,500,000

COMMONWEALTH OFFICE OF TECHNOLOGY

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows:

"Transfer of Restricted Funds from Operating Budget: For the major equipment purchases displayed in this section funded from Restricted Funds, it is anticipated that these funds shall be transferred from the Operating Budget as funds are available and needed."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly amends Part I, Operating Budget, by adding the following language:

"Computer Services Fund Receipts: The Secretary of the Finance and Administration Cabinet shall provide a listing of fee receipts from the Executive, Judicial, and Legislative Branches of government itemized by appropriation units; cost allocation methodology; and a report detailing the rebate of excess fee receipts to the agencies to the Interim Joint Committee on Appropriations and Revenue by August 1 of each fiscal year."

The General Assembly amends Part II, Capital Budget, supported by Restricted Funds by authorizing \$2,400,000 in each fiscal year for Enterprise Infrastructure - 2008-2010; \$250,000 in each fiscal year for Enterprise Data Integration - 2008-2010; \$125,000 in each fiscal year for Enterprise Application Integration - 2008-2010; and \$125,000 in each fiscal year for Enterprise Security and Identity Management - 2008-2010.

COMMONWEALTH OFFICE OF TECHNOLOGY

The General Assembly adds a Part V, Funds Transfer, to include a transfer from the Commonwealth Office of Technology, Restricted Funds of \$1,500,000 in each fiscal year.

THIS PAGE INTENTIONALLY LEFT BLANK

G - Finance and Administration Cabinet

Capital Budget

Commonwealth Office of Technology

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Restricted Funds				4,400,000	2,900,000	(1,500,000)	4,400,000	2,900,000	(1,500,000)
Bond Funds				18,000,000	18,000,000				
TOTAL CAPITAL				22,400,000	20,900,000	(1,500,000)	4,400,000	2,900,000	(1,500,000)
II. CAPITAL PROJECTS									
1	Public Safety Communications Infrastructure - KEWS - Additional								
PRJ07901603									
Bond Funds				18,000,000	18,000,000				
Project Total				18,000,000	18,000,000				
2	Enterprise Infrastructure - 2008-2010								
PRJ07901602									
Restricted Funds				2,400,000	2,400,000		2,400,000	2,400,000	
Project Total				2,400,000	2,400,000		2,400,000	2,400,000	
3	Enterprise Data Integration - 2008-2010								
PRJ07901605									
Restricted Funds				1,000,000	250,000	(750,000)	1,000,000	250,000	(750,000)
Project Total				1,000,000	250,000	(750,000)	1,000,000	250,000	(750,000)
4	Enterprise Application Integration - 2008-2010								
PRJ07901606									
Restricted Funds				500,000	125,000	(375,000)	500,000	125,000	(375,000)
Project Total				500,000	125,000	(375,000)	500,000	125,000	(375,000)
5	Enterprise Security and Identity Management - 2008-2010								
PRJ07901604									
Restricted Funds				500,000	125,000	(375,000)	500,000	125,000	(375,000)
Project Total				500,000	125,000	(375,000)	500,000	125,000	(375,000)
6	Franklin County - Lease - 100 Fair Oaks								
PRJ07905000									
General Fund									
Project Total									
TOTAL CAPITAL				22,400,000	20,900,000	(1,500,000)	4,400,000	2,900,000	(1,500,000)

THIS PAGE INTENTIONALLY LEFT BLANK

G - Finance and Administration Cabinet

Operating Budget

Revenue

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	175,000	175,000		275,000	275,000		275,000	275,000	
General Fund	73,943,200	73,943,200		68,397,300	69,397,300	1,000,000	70,363,400	71,363,400	1,000,000
Restricted Funds	6,046,800	6,046,800		7,216,300	7,216,300		7,201,700	7,201,700	
Road Fund	2,000,000	2,000,000		2,325,000	2,325,000		2,325,000	2,325,000	
Regular Total Funds	82,165,000	82,165,000		78,213,600	79,213,600	1,000,000	80,165,100	81,165,100	1,000,000
Use of Continuing									
TOTAL FUNDS	82,165,000	82,165,000		78,213,600	79,213,600	1,000,000	80,165,100	81,165,100	1,000,000

II. EXPENDITURE CATEGORY

Personnel Costs	51,504,300	51,504,300		47,134,400	48,134,400	1,000,000	48,800,100	49,800,100	1,000,000
Operating Expenses	30,660,700	30,660,700		31,079,200	31,079,200		31,365,000	31,365,000	
TOTAL EXPENDITURES	82,165,000	82,165,000		78,213,600	79,213,600	1,000,000	80,165,100	81,165,100	1,000,000

III. BASE LEVEL BUDGET BY FUND SOURCE

General Fund (Tobacco)	175,000	175,000		275,000	275,000		275,000	275,000	
General Fund	73,943,200	73,943,200		62,830,900	63,830,900	1,000,000	64,394,400	65,394,400	1,000,000
Restricted Funds	6,046,800	6,046,800		7,216,300	7,216,300		7,201,700	7,201,700	
Road Fund	2,000,000	2,000,000		2,325,000	2,325,000		2,325,000	2,325,000	
Regular Total Funds	82,165,000	82,165,000		72,647,200	73,647,200	1,000,000	74,196,100	75,196,100	1,000,000
Use of Continuing									
TOTAL BASE LEVEL	82,165,000	82,165,000		72,647,200	73,647,200	1,000,000	74,196,100	75,196,100	1,000,000

IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE

General Fund				5,566,400	5,566,400		5,969,000	5,969,000	
TOTAL ADDITIONAL				5,566,400	5,566,400		5,969,000	5,969,000	

V. ADDITIONAL BUDGET ITEMS**1 GB Corporate Coding/IT Processing/Withholding Processing Project**

ABR130000006 Provides funds to continue data processing and imaging services.

General Fund				1,424,900	1,424,900		1,527,600	1,527,600	
Project Total				1,424,900	1,424,900		1,527,600	1,527,600	

2 GB Electronic Data Match and Levy Services

ABR130000007 Provides funds for implementing an electronic levy process and insuring that levies are sent only to institutions where the debtor has an account.

General Fund				1,141,500	1,141,500		1,441,400	1,441,400	
Project Total				1,141,500	1,141,500		1,441,400	1,441,400	

G - Finance and Administration Cabinet

Operating Budget

Revenue

Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
3 GB Comprehensive Tax System Maintenance and Operating Costs								
ABR130000004 Provides funds for licensing, Commonwealth Office of Technology maintenance charges, and miscellaneous operating costs to support the Comprehensive Tax System.								
General Fund			3,000,000	3,000,000		3,000,000	3,000,000	
Project Total			3,000,000	3,000,000		3,000,000	3,000,000	
TOTAL ADDITIONAL			5,566,400	5,566,400		5,969,000	5,969,000	

REVENUE

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Insurance Surcharge Rate: Pursuant to KRS 136.392, the insurance surcharge rate shall be calculated at a rate to provide sufficient funds in the 2008-2010 fiscal biennium for the Firefighters Foundation Program Fund and the Kentucky Law Enforcement Foundation Program Fund. The calculation of sufficient funds for the above-named programs shall include any Restricted Funds carried forward from fiscal years 2007-2008 and 2008-2009 as provided by the General Assembly in this Act."

"Road Fund Compliance and Motor Vehicle Property Tax Programs: The above Road Fund appropriation in each fiscal year represents the cost of the Road Fund Compliance and Motor Vehicle Property Tax Programs within the Department of Revenue and is to be used exclusively for that purpose."

"Operations of Revenue: Notwithstanding KRS 132.672, 136.652, 160.6154, and 365.390(2), funds may be expended in support of the operations of the Department of Revenue."

The State/Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement, includes a language provision as follows:

"State Enforcement: Notwithstanding KRS 248.654, a total of \$275,000 of the MSA payments received each fiscal year of the 2008-2010 biennium is appropriated to the Finance and Administration Cabinet, Department of Revenue for the state's enforcement of noncompliant nonparticipating manufacturers."

REVENUE

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly increases General Fund support totaling \$1,000,000 in each fiscal year to partially restore baseline funding for personnel expenses.

G - Finance and Administration Cabinet

Operating Budget

Property Valuation Administrators

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	33,170,900	33,170,900		32,345,100	35,345,100	3,000,000	33,554,200	35,354,200	1,800,000
Restricted Funds	5,371,400	5,371,400		3,500,000	3,500,000		3,500,000	3,500,000	
Regular Total Funds	38,542,300	38,542,300		35,845,100	38,845,100	3,000,000	37,054,200	38,854,200	1,800,000
Use of Continuing									
TOTAL FUNDS	38,542,300	38,542,300		35,845,100	38,845,100	3,000,000	37,054,200	38,854,200	1,800,000
II. EXPENDITURE CATEGORY									
Personnel Costs	38,110,300	38,110,300		35,413,100	38,413,100	3,000,000	36,622,200	38,422,200	1,800,000
Operating Expenses	432,000	432,000		432,000	432,000		432,000	432,000	
TOTAL EXPENDITURES	38,542,300	38,542,300		35,845,100	38,845,100	3,000,000	37,054,200	38,854,200	1,800,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	33,170,900	33,170,900		32,345,100	32,345,100		33,554,200	33,554,200	
Restricted Funds	5,371,400	5,371,400		3,500,000	3,500,000		3,500,000	3,500,000	
Regular Total Funds	38,542,300	38,542,300		35,845,100	35,845,100		37,054,200	37,054,200	
Use of Continuing									
TOTAL BASE LEVEL	38,542,300	38,542,300		35,845,100	35,845,100		37,054,200	37,054,200	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund					3,000,000	3,000,000		1,800,000	1,800,000
TOTAL ADDITIONAL					3,000,000	3,000,000		1,800,000	1,800,000
V. ADDITIONAL BUDGET ITEMS									
1 EXPAN Property Valuation Administrators									
ABRPVA00003 Provides additional funds for personnel expenses.									
General Fund					3,000,000	3,000,000		1,800,000	1,800,000
Project Total					3,000,000	3,000,000		1,800,000	1,800,000
TOTAL ADDITIONAL					3,000,000	3,000,000		1,800,000	1,800,000

PROPERTY VALUATION ADMINISTRATORS

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Management of Expenditures: Notwithstanding KRS 132.590 and 132.597, the property valuation administrators are authorized to take necessary actions to manage expenditures within the appropriated amounts contained in this Act."

"Real Property Physical Inspections: Notwithstanding KRS 132.690, each parcel of taxable real property may be physically examined no less than once every five years, subject to the availability of funds."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly provides additional General Fund support totaling \$3,000,000 in fiscal year 2008-2009 and \$1,800,000 in fiscal year 2009-2010 for personnel expenses.

The General Assembly deletes the Part I language provision relating to **"Real Property Physical Inspections"**.

G - Finance and Administration Cabinet**Capital Budget****Kentucky Lottery Corporation**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Other Funds				19,600,000	19,600,000				
TOTAL CAPITAL				19,600,000	19,600,000				
II. CAPITAL PROJECTS									
1	Potential Buyout of On-line Gaming System								
PRJ0811708									
Other Funds				10,000,000	10,000,000				
Project Total				10,000,000	10,000,000				
2	Contingency on Property Adjacent to New Headquarters								
PRJ0811384									
Other Funds				4,250,000	4,250,000				
Project Total				4,250,000	4,250,000				
3	Data Processing, Telecommunications, and Related Equipment								
PRJ0811385									
Other Funds				3,000,000	3,000,000				
Project Total				3,000,000	3,000,000				
4	Instant Ticket Vending Machines								
PRJ0811709									
Other Funds				2,000,000	2,000,000				
Project Total				2,000,000	2,000,000				
5	Network Storage and Associated Infrastructures								
PRJ0811383									
Other Funds				350,000	350,000				
Project Total				350,000	350,000				
TOTAL CAPITAL				19,600,000	19,600,000				

THIS PAGE INTENTIONALLY LEFT BLANK

G - Finance and Administration Cabinet

Operating Budget

Finance and Administration

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TRANSFERS TO THE GENERAL FUND									
Finance and Administration									
Capital Construction Investment Income					3,300,000	3,300,000	30,083,400	32,783,400	2,700,000
Capital appropriations in the amount of \$17,000,000 from bond funds in Part II, Capital Projects Budget, of this Act will be used to partially replace this transfer of funds to the General Fund.									
Capital Construction Surplus Account (KRS 45.775)					500,000	500,000		500,000	500,000
TOTAL					3,800,000	3,800,000	30,083,400	33,283,400	3,200,000

FINANCE AND ADMINISTRATION

BRANCH BUDGET

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the Capital Construction Investment Income Account of \$30,083,400 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a language provision as follows:

"Capital appropriations in the amount of \$20,000,000 from bond funds in Part II, Capital Projects Budget, of this Act will be used to partially replace this transfer of funds to the General Fund."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly amends Part V, Funds Transfer, to revise the transfer from the Capital Construction Investment Income Account to \$3,300,000 in fiscal year 2008-2009 and \$32,783,400 in fiscal year 2009-2010 and to include a transfer from the Capital Construction Surplus Account of \$500,000 in each fiscal year.

The General Assembly modifies Part V, Funds Transfer, language provision as follows:

"Capital appropriations in the amount of \$17,000,000 from bond funds in Part II, Capital Projects Budget, of this Act will be used to partially replace this transfer of funds to the General Fund."

ADDITIONAL ACTIONS OF THE GENERAL ASSEMBLY

House Bill 2, Section 27, includes the following language provisions:

"(1) There is hereby authorized \$50,000,000 in bond funds in fiscal year 2008-2009 for the bluegrass turns green public grant fund for public engineered demand-side management projects. The bonds shall remain authorized unless a specific action of the General Assembly deauthorizes the bonds prior to sale. The sale of bonds shall be on or after the effective date of this Act.

(2) The principal amount authorized in subsection (1) of this section shall be increased by the amount necessary to capitalize and pay required principal and interest payments in fiscal year 2008-2009 and fiscal year 2009-2010."

House Bill 2, Section 28, includes the following language provisions:

FINANCE AND ADMINISTRATION

"(1) There is hereby authorized \$30,000,000 in bond funds in fiscal year 2008-2009 for bluegrass turns green private sector loan fund for private sector engineered demand-side management projects. The bonds shall remain authorized unless a specific action of

the General Assembly deauthorizes the bonds prior to sale. The sale of the bonds shall be on or after the effective date of this Act.

(2) The principal amount authorized in subsection (1) of this section shall be increased by the amount necessary to capitalize and pay required principal and interest payments in fiscal year 2008-2009 and fiscal year 2009-2010."

THIS PAGE INTENTIONALLY LEFT BLANK

G - Finance and Administration Cabinet**Capital Budget****Finance and Administration**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds					80,000,000	80,000,000			
TOTAL CAPITAL					80,000,000	80,000,000			
II. CAPITAL PROJECTS									
1	Bluegrass turns green public grant fund								
PRJ750X0001									
Bond Funds					50,000,000	50,000,000			
Project Total					50,000,000	50,000,000			
2	Bluegrass turns green private sector loan fund								
PRJ750X0002									
Bond Funds					30,000,000	30,000,000			
Project Total					30,000,000	30,000,000			
TOTAL CAPITAL					80,000,000	80,000,000			

THIS PAGE INTENTIONALLY LEFT BLANK

H - Health and Family Services Cabinet

THIS PAGE INTENTIONALLY LEFT BLANK

Table of Contents

H - Health and Family Services Cabinet

General Administration and Program Support	H - 9
Commission for Children with Special Health Care Needs	H - 15
Medicaid Administration	H - 19
Medicaid Benefits	H - 23
Mental Health and Mental Retardation Services	H - 33
Public Health	H - 43
Health Policy	H - 47
Human Support Services	H - 49
Ombudsman	H - 51
Disability Determination Services	H - 53
Community Based Services	H - 57
Aging and Independent Living	H - 63

THIS PAGE INTENTIONALLY LEFT BLANK

H - Health and Family Services Cabinet

Operating Budget

Summary Totals

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	29,255,400	29,255,400		30,121,700	30,121,700		30,641,600	30,641,600	
General Fund	1,897,275,600	1,897,275,600		1,877,502,500	1,924,136,800	46,634,300	1,979,159,300	2,024,940,500	45,781,200
Restricted Funds	876,077,800	876,077,800		867,474,600	874,258,700	6,784,100	851,412,500	858,319,600	6,907,100
Federal Funds	4,320,629,000	4,320,629,000		4,446,162,400	4,456,748,400	10,586,000	4,636,961,500	4,647,901,200	10,939,700
Regular Total Funds	7,123,237,800	7,123,237,800		7,221,261,200	7,285,265,600	64,004,400	7,498,174,900	7,561,802,900	63,628,000
Use of Continuing	6,435,100	6,435,100							
TOTAL FUNDS	7,129,672,900	7,129,672,900		7,221,261,200	7,285,265,600	64,004,400	7,498,174,900	7,561,802,900	63,628,000
II. EXPENDITURE CATEGORY									
Personnel Costs	598,529,300	598,529,300		588,875,200	590,275,200	1,400,000	601,340,400	602,840,400	1,500,000
Operating Expenses	115,712,600	115,712,600		114,852,900	115,282,900	430,000	114,909,100	114,509,100	(400,000)
Grants, Loans, Benefits	6,414,145,000	6,414,145,000		6,517,419,100	6,579,193,500	61,774,400	6,780,659,400	6,843,160,400	62,501,000
Debt Service	1,172,000	1,172,000					1,152,000	1,179,000	27,000
Capital Outlay	114,000	114,000		114,000	514,000	400,000	114,000	114,000	
TOTAL EXPENDITURES	7,129,672,900	7,129,672,900		7,221,261,200	7,285,265,600	64,004,400	7,498,174,900	7,561,802,900	63,628,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	29,255,400	29,255,400		30,121,700	30,121,700		30,641,600	30,641,600	
General Fund	1,780,866,000	1,780,866,000		1,729,635,100	1,770,724,000	41,088,900	1,735,723,700	1,776,591,800	40,868,100
Restricted Funds	870,256,100	870,256,100		867,474,600	870,158,700	2,684,100	851,412,500	854,096,600	2,684,100
Federal Funds	4,135,173,700	4,135,173,700		4,097,309,700	4,098,395,700	1,086,000	4,064,510,800	4,065,596,800	1,086,000
Regular Total Funds	6,815,551,200	6,815,551,200		6,724,541,100	6,769,400,100	44,859,000	6,682,288,600	6,726,926,800	44,638,200
Use of Continuing	6,435,100	6,435,100							
TOTAL BASE LEVEL	6,821,986,300	6,821,986,300		6,724,541,100	6,769,400,100	44,859,000	6,682,288,600	6,726,926,800	44,638,200
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund	116,409,600	116,409,600		147,867,400	153,412,800	5,545,400	243,435,600	248,348,700	4,913,100
Restricted Funds	5,821,700	5,821,700			4,100,000	4,100,000		4,223,000	4,223,000
Federal Funds	185,455,300	185,455,300		348,852,700	358,352,700	9,500,000	572,450,700	582,304,400	9,853,700
TOTAL ADDITIONAL	307,686,600	307,686,600		496,720,100	515,865,500	19,145,400	815,886,300	834,876,100	18,989,800

H - Health and Family Services Cabinet**Capital Budget****Summary Totals**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				24,000,000	15,000,000	(9,000,000)			
Other Funds					129,005,000	129,005,000			
TOTAL CAPITAL				24,000,000	144,005,000	120,005,000			

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

HEALTH AND FAMILY SERVICES CABINET OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration and Program Support	88,337,500	88,337,500		84,129,500	84,129,500		86,069,000	86,008,000	(61,000)
Commission for Children with Special Health Care Needs	17,065,800	17,065,800		16,354,600	16,454,600	100,000	16,674,000	16,774,000	100,000
Medicaid Administration	99,445,000	99,445,000		98,140,100	98,140,100		98,140,100	98,140,100	
Medicaid Benefits	4,945,460,000	4,945,460,000		5,090,264,600	5,102,361,800	12,097,200	5,353,403,900	5,366,737,500	13,333,600
Mental Health and Mental Retardation Services	462,258,400	462,258,400		454,995,600	471,771,500	16,775,900	454,698,000	469,635,800	14,937,800
Public Health	353,093,800	353,093,800		348,427,000	357,637,000	9,210,000	349,518,300	358,392,900	8,874,600
Health Policy	2,014,400	2,014,400		1,131,700	1,131,700		1,162,000	1,162,000	
Human Support Services	17,217,100	17,217,100		11,738,300	12,238,300	500,000	11,766,000	12,266,000	500,000
Ombudsman	5,948,600	5,948,600		5,430,400	5,430,400		5,601,100	5,601,100	
Disability Determination Services	46,598,800	46,598,800		50,498,700	50,498,700		51,531,000	51,531,000	
Community Based Services	1,020,676,400	1,020,676,400		1,007,320,000	1,029,741,300	22,421,300	1,016,706,100	1,039,749,100	23,043,000
Aging and Independent Living	65,122,000	65,122,000		52,830,700	55,730,700	2,900,000	52,905,400	55,805,400	2,900,000
Regular Appropriation	7,123,237,800	7,123,237,800		7,221,261,200	7,285,265,600	64,004,400	7,498,174,900	7,561,802,900	63,628,000

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

HEALTH AND FAMILY SERVICES CABINET OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND (TOBACCO)									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration and Program Support	2,740,000	2,740,000		2,793,000	2,793,000		2,840,300	2,840,300	
Commission for Children with Special Health Care Needs	352,000	352,000		352,000	352,000		352,000	352,000	
Mental Health and Mental Retardation Services	800,000	800,000		975,000	975,000		975,000	975,000	
Public Health	16,793,000	16,793,000		16,856,300	16,856,300		17,078,900	17,078,900	
Human Support Services	100,000	100,000		175,000	175,000		175,000	175,000	
Community Based Services	8,470,400	8,470,400		8,970,400	8,970,400		9,220,400	9,220,400	
Regular Appropriation	29,255,400	29,255,400		30,121,700	30,121,700		30,641,600	30,641,600	

GENERAL FUND (TOBACCO)

CONTINUED RESERVE SPENDING SUMMARY BY APPROPRIATION UNIT

General Administration and Program Support	806,900	806,900	
Community Based Services	1,200,400	1,200,400	
Mental Health and Mental Retardation Services	113,300	113,300	
Public Health	3,757,500	3,757,500	
Human Support Services	130,900	130,900	
Reserve Spending	6,009,000	6,009,000	

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

HEALTH AND FAMILY SERVICES CABINET OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration and Program Support	35,282,000	35,282,000		33,076,700	33,076,700		34,587,100	34,526,100	(61,000)
Commission for Children with Special Health Care Needs	5,864,300	5,864,300		5,619,000	5,719,000	100,000	5,938,400	6,038,400	100,000
Medicaid Administration	36,488,600	36,488,600		36,488,600	36,488,600		36,488,600	36,488,600	
Medicaid Benefits	1,153,097,000	1,153,097,000		1,188,964,400	1,187,211,700	(1,752,700)	1,283,645,600	1,282,652,600	(993,000)
Mental Health and Mental Retardation Services	199,681,300	199,681,300		183,055,400	199,831,300	16,775,900	184,097,500	199,035,300	14,937,800
Public Health	71,009,200	71,009,200		62,199,200	71,409,200	9,210,000	62,734,600	71,609,200	8,874,600
Health Policy	600,700	600,700		553,000	553,000		583,300	583,300	
Human Support Services	12,561,600	12,561,600		7,034,600	7,534,600	500,000	7,055,300	7,555,300	500,000
Ombudsman	3,577,800	3,577,800		3,287,400	3,287,400		3,391,200	3,391,200	
Community Based Services	346,147,200	346,147,200		327,246,100	346,147,200	18,901,100	330,622,900	350,145,700	19,522,800
Aging and Independent Living	32,965,900	32,965,900		29,978,100	32,878,100	2,900,000	30,014,800	32,914,800	2,900,000
Regular Appropriation	1,897,275,600	1,897,275,600		1,877,502,500	1,924,136,800	46,634,300	1,979,159,300	2,024,940,500	45,781,200

GENERAL FUND

CONTINUED RESERVE SPENDING SUMMARY BY APPROPRIATION UNIT

General Administration and Program Support	426,100	426,100	
Reserve Spending	426,100	426,100	

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

HEALTH AND FAMILY SERVICES CABINET OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
RESTRICTED FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration and Program Support	11,027,900	11,027,900		10,311,100	10,311,100		10,311,100	10,311,100	
Commission for Children with Special Health Care Needs	6,545,800	6,545,800		6,204,900	6,204,900		6,204,900	6,204,900	
Medicaid Administration	16,210,600	16,210,600		13,080,000	13,080,000		13,080,000	13,080,000	
Medicaid Benefits	394,626,800	394,626,800		382,564,800	386,664,800	4,100,000	362,393,100	366,616,100	4,223,000
Mental Health and Mental Retardation Services	215,861,500	215,861,500		227,844,600	227,844,600		229,704,900	229,704,900	
Public Health	81,315,100	81,315,100		85,038,600	85,038,600		85,100,800	85,100,800	
Health Policy	1,413,700	1,413,700		578,700	578,700		578,700	578,700	
Human Support Services	626,000	626,000		626,000	626,000		626,000	626,000	
Ombudsman	37,800	37,800		17,000	17,000		17,000	17,000	
Disability Determination Services	65,800	65,800		65,800	65,800		65,800	65,800	
Community Based Services	137,207,200	137,207,200		138,627,500	141,311,600	2,684,100	140,814,600	143,498,700	2,684,100
Aging and Independent Living	11,139,600	11,139,600		2,515,600	2,515,600		2,515,600	2,515,600	
Regular Appropriation	876,077,800	876,077,800		867,474,600	874,258,700	6,784,100	851,412,500	858,319,600	6,907,100

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

HEALTH AND FAMILY SERVICES CABINET OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
FEDERAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration and Program Support	39,287,600	39,287,600		37,948,700	37,948,700		38,330,500	38,330,500	
Commission for Children with Special Health Care Needs	4,303,700	4,303,700		4,178,700	4,178,700		4,178,700	4,178,700	
Medicaid Administration	46,745,800	46,745,800		48,571,500	48,571,500		48,571,500	48,571,500	
Medicaid Benefits	3,397,736,200	3,397,736,200		3,518,735,400	3,528,485,300	9,749,900	3,707,365,200	3,717,468,800	10,103,600
Mental Health and Mental Retardation Services	45,915,600	45,915,600		43,120,600	43,120,600		39,920,600	39,920,600	
Public Health	183,976,500	183,976,500		184,332,900	184,332,900		184,604,000	184,604,000	
Human Support Services	3,929,500	3,929,500		3,902,700	3,902,700		3,909,700	3,909,700	
Ombudsman	2,333,000	2,333,000		2,126,000	2,126,000		2,192,900	2,192,900	
Disability Determination Services	46,533,000	46,533,000		50,432,900	50,432,900		51,465,200	51,465,200	
Community Based Services	528,851,600	528,851,600		532,476,000	533,312,100	836,100	536,048,200	536,884,300	836,100
Aging and Independent Living	21,016,500	21,016,500		20,337,000	20,337,000		20,375,000	20,375,000	
Regular Appropriation	4,320,629,000	4,320,629,000		4,446,162,400	4,456,748,400	10,586,000	4,636,961,500	4,647,901,200	10,939,700

THIS PAGE INTENTIONALLY LEFT BLANK

H - Health and Family Services Cabinet**Operating Budget****General Administration and Program Support**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	2,740,000	2,740,000		2,793,000	2,793,000		2,840,300	2,840,300	
General Fund	35,282,000	35,282,000		33,076,700	33,076,700		34,587,100	34,526,100	(61,000)
Restricted Funds	11,027,900	11,027,900		10,311,100	10,311,100		10,311,100	10,311,100	
Federal Funds	39,287,600	39,287,600		37,948,700	37,948,700		38,330,500	38,330,500	
Regular Total Funds	88,337,500	88,337,500		84,129,500	84,129,500		86,069,000	86,008,000	(61,000)
Use of Continuing	1,233,000	1,233,000							
TOTAL FUNDS	89,570,500	89,570,500		84,129,500	84,129,500		86,069,000	86,008,000	(61,000)
II. EXPENDITURE CATEGORY									
Personnel Costs	56,353,300	56,353,300		51,160,200	51,160,200		52,774,500	52,774,500	
Operating Expenses	28,972,200	28,972,200		29,799,400	29,799,400		29,812,300	29,812,300	
Grants, Loans, Benefits	4,025,000	4,025,000		3,169,900	3,169,900		3,217,200	3,217,200	
Debt Service	220,000	220,000					265,000	204,000	(61,000)
TOTAL EXPENDITURES	89,570,500	89,570,500		84,129,500	84,129,500		86,069,000	86,008,000	(61,000)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	2,740,000	2,740,000		2,793,000	2,793,000		2,840,300	2,840,300	
General Fund	35,282,000	35,282,000		33,076,700	33,076,700		34,587,100	34,526,100	(61,000)
Restricted Funds	11,027,900	11,027,900		10,311,100	10,311,100		10,311,100	10,311,100	
Federal Funds	39,287,600	39,287,600		37,948,700	37,948,700		38,330,500	38,330,500	
Regular Total Funds	88,337,500	88,337,500		84,129,500	84,129,500		86,069,000	86,008,000	(61,000)
Use of Continuing	1,233,000	1,233,000							
TOTAL BASE LEVEL	89,570,500	89,570,500		84,129,500	84,129,500		86,069,000	86,008,000	(61,000)
TRANSFERS TO THE GENERAL FUND									
General Administration and Program Support									
Malt Beverage Education Fund				450,000	450,000		450,000	450,000	
TOTAL				450,000	450,000		450,000	450,000	

GENERAL ADMINISTRATION AND PROGRAM SUPPORT

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from General Administration and Program Support, Malt Beverage Education Fund, Restricted Funds of \$450,000 in fiscal year 2008-2009, and \$450,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Maximizing Federal Funds: Pursuant to compliance with the State/Executive Branch Budget Bill and the Statutory Budget Memorandum, the Cabinet for Health and Family Services shall maximize Federal Funds for programs within the Cabinet."

"Human Services Transportation Delivery: Notwithstanding KRS 281.014, the Kentucky Works Program shall not participate in the Human Services Transportation Delivery Program or the Coordinated Transportation Advisory Committee."

"Debt Service: Included in the above General Fund appropriation is \$265,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly adds Part I, Operating Budget, language provisions as follows:

GENERAL ADMINISTRATION AND PROGRAM SUPPORT

"Federally Funded Positions: Notwithstanding KRS 18A.010(2) and any provisions of this Act to the contrary, direct service units of the Office of Inspector General, Department for Human Support Services, Commission for Children with Special Health Care Needs, Department for Disability Determination Services, Department for Community Based Services, Department for Medicaid Services, Department for Mental Health and Mental Retardation Services, and the Department for Public Health shall be authorized to establish and fill such positions as are 100 percent federally funded for salary and fringe benefits."

"Debt Service: Included in the above General Fund appropriation is \$204,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

THIS PAGE INTENTIONALLY LEFT BLANK

H - Health and Family Services Cabinet**Capital Budget****General Administration and Program Support**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				4,000,000	3,000,000	(1,000,000)			
TOTAL CAPITAL				4,000,000	3,000,000	(1,000,000)			
II. CAPITAL PROJECTS									
1	Maintenance Pool - 2008-2010								
PRJ721A2326									
Bond Funds				4,000,000	3,000,000	(1,000,000)			
Project Total				4,000,000	3,000,000	(1,000,000)			
TOTAL CAPITAL				4,000,000	3,000,000	(1,000,000)			

THIS PAGE INTENTIONALLY LEFT BLANK

H - Health and Family Services Cabinet**Operating Budget****Commission for Children with Special Health Care Needs**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	352,000	352,000		352,000	352,000		352,000	352,000	
General Fund	5,864,300	5,864,300		5,619,000	5,719,000	100,000	5,938,400	6,038,400	100,000
Restricted Funds	6,545,800	6,545,800		6,204,900	6,204,900		6,204,900	6,204,900	
Federal Funds	4,303,700	4,303,700		4,178,700	4,178,700		4,178,700	4,178,700	
Regular Total Funds	17,065,800	17,065,800		16,354,600	16,454,600	100,000	16,674,000	16,774,000	100,000
Use of Continuing									
TOTAL FUNDS	17,065,800	17,065,800		16,354,600	16,454,600	100,000	16,674,000	16,774,000	100,000
II. EXPENDITURE CATEGORY									
Personnel Costs	10,267,900	10,267,900		10,600,800	10,600,800		10,919,400	10,919,400	
Operating Expenses	1,566,500	1,566,500		1,511,400	1,511,400		1,512,200	1,512,200	
Grants, Loans, Benefits	5,231,400	5,231,400		4,242,400	4,342,400	100,000	4,242,400	4,342,400	100,000
TOTAL EXPENDITURES	17,065,800	17,065,800		16,354,600	16,454,600	100,000	16,674,000	16,774,000	100,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	352,000	352,000		352,000	352,000		352,000	352,000	
General Fund	5,864,300	5,864,300		5,619,000	5,719,000	100,000	5,938,400	6,038,400	100,000
Restricted Funds	6,545,800	6,545,800		6,204,900	6,204,900		6,204,900	6,204,900	
Federal Funds	4,303,700	4,303,700		4,178,700	4,178,700		4,178,700	4,178,700	
Regular Total Funds	17,065,800	17,065,800		16,354,600	16,454,600	100,000	16,674,000	16,774,000	100,000
Use of Continuing									
TOTAL BASE LEVEL	17,065,800	17,065,800		16,354,600	16,454,600	100,000	16,674,000	16,774,000	100,000
TRANSFERS TO THE GENERAL FUND									
Commission for Children with Special Health Care Needs									
General Fund (Tobacco)					2,000	2,000		2,000	2,000
TOTAL					2,000	2,000		2,000	2,000

COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes a language provision that directs:

"Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is \$352,000 for Universal Newborn Hearing Screening and Vision Screening in each fiscal year."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly provides a General Fund appropriation of \$5,719,000 in fiscal year 2008-2009 and \$6,038,400 in fiscal year 2009-2010 to continue current services.

The General Assembly amends, Part V, Funds Transfer, to include the transfer of General Fund (Tobacco) totaling \$2,000 in each fiscal year.

H - Health and Family Services Cabinet

Operating Budget

Medicaid Services Summary

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	1,189,585,600	1,189,585,600		1,225,453,000	1,223,700,300	(1,752,700)	1,320,134,200	1,319,141,200	(993,000)
Restricted Funds	410,837,400	410,837,400		395,644,800	399,744,800	4,100,000	375,473,100	379,696,100	4,223,000
Federal Funds	3,444,482,000	3,444,482,000		3,567,306,900	3,577,056,800	9,749,900	3,755,936,700	3,766,040,300	10,103,600
Regular Total Funds	5,044,905,000	5,044,905,000		5,188,404,700	5,200,501,900	12,097,200	5,451,544,000	5,464,877,600	13,333,600
Use of Continuing									
TOTAL FUNDS	5,044,905,000	5,044,905,000		5,188,404,700	5,200,501,900	12,097,200	5,451,544,000	5,464,877,600	13,333,600

II. EXPENDITURE CATEGORY

Personnel Costs	65,846,600	65,846,600		62,401,700	62,401,700		62,360,500	62,360,500	
Operating Expenses	1,089,500	1,089,500		1,373,000	1,373,000		1,414,200	1,414,200	
Grants, Loans, Benefits	4,977,968,900	4,977,968,900		5,124,630,000	5,136,727,200	12,097,200	5,387,769,300	5,401,102,900	13,333,600
TOTAL EXPENDITURES	5,044,905,000	5,044,905,000		5,188,404,700	5,200,501,900	12,097,200	5,451,544,000	5,464,877,600	13,333,600

III. BASE LEVEL BUDGET BY FUND SOURCE

General Fund	1,077,585,600	1,077,585,600		1,077,585,600	1,077,692,600	107,000	1,077,585,600	1,077,692,600	107,000
Restricted Funds	405,015,700	405,015,700		395,644,800	395,644,800		375,473,100	375,473,100	
Federal Funds	3,259,026,700	3,259,026,700		3,221,954,200	3,222,204,100	249,900	3,187,286,000	3,187,535,900	249,900
Regular Total Funds	4,741,628,000	4,741,628,000		4,695,184,600	4,695,541,500	356,900	4,640,344,700	4,640,701,600	356,900
Use of Continuing									
TOTAL BASE LEVEL	4,741,628,000	4,741,628,000		4,695,184,600	4,695,541,500	356,900	4,640,344,700	4,640,701,600	356,900

IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE

General Fund	112,000,000	112,000,000		147,867,400	146,007,700	(1,859,700)	242,548,600	241,448,600	(1,100,000)
Restricted Funds	5,821,700	5,821,700			4,100,000	4,100,000		4,223,000	4,223,000
Federal Funds	185,455,300	185,455,300		345,352,700	354,852,700	9,500,000	568,650,700	578,504,400	9,853,700
TOTAL ADDITIONAL	303,277,000	303,277,000		493,220,100	504,960,400	11,740,300	811,199,300	824,176,000	12,976,700

H - Health and Family Services Cabinet**Capital Budget****Medicaid Services Summary**

Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference

H - Health and Family Services Cabinet**Operating Budget****Medicaid Administration**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	36,488,600	36,488,600		36,488,600	36,488,600		36,488,600	36,488,600	
Restricted Funds	16,210,600	16,210,600		13,080,000	13,080,000		13,080,000	13,080,000	
Federal Funds	46,745,800	46,745,800		48,571,500	48,571,500		48,571,500	48,571,500	
Regular Total Funds	99,445,000	99,445,000		98,140,100	98,140,100		98,140,100	98,140,100	
Use of Continuing									
TOTAL FUNDS	99,445,000	99,445,000		98,140,100	98,140,100		98,140,100	98,140,100	
II. EXPENDITURE CATEGORY									
Personnel Costs	65,846,600	65,846,600		62,401,700	62,401,700		62,360,500	62,360,500	
Operating Expenses	1,089,500	1,089,500		1,373,000	1,373,000		1,414,200	1,414,200	
Grants, Loans, Benefits	32,508,900	32,508,900		34,365,400	34,365,400		34,365,400	34,365,400	
TOTAL EXPENDITURES	99,445,000	99,445,000		98,140,100	98,140,100		98,140,100	98,140,100	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	36,488,600	36,488,600		36,488,600	36,488,600		36,488,600	36,488,600	
Restricted Funds	16,210,600	16,210,600		13,080,000	13,080,000		13,080,000	13,080,000	
Federal Funds	46,745,800	46,745,800		48,571,500	48,571,500		48,571,500	48,571,500	
Regular Total Funds	99,445,000	99,445,000		98,140,100	98,140,100		98,140,100	98,140,100	
Use of Continuing									
TOTAL BASE LEVEL	99,445,000	99,445,000		98,140,100	98,140,100		98,140,100	98,140,100	

MEDICAID ADMINISTRATION

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Transfer of Excess Administrative Funds for Medicaid Benefits: If any portion of the above General Fund appropriation in either fiscal year is deemed to be in excess of the necessary expenses for administration of the Department, the amount may be used for Medicaid Benefits in accordance with statutes governing the functions and activities of the Department for Medicaid Services. In no instance shall these excess funds be used without prior written approval of the State Budget Director to:

- (a) Establish a new program;
- (b) Expand the services of an existing program; or
- (c) Increase rates or payment levels in an existing program.

Any transfer authorized under this subsection shall be approved by the Secretary of the Finance and Administration Cabinet upon recommendation of the State Budget Director."

"Medicaid Service Category Expenditure Information: No Medicaid managed care contract shall be valid and no payment to a Medicaid managed care vendor by the Finance and Administration Cabinet or the Cabinet for Health and Family Services shall be made, unless the Medicaid managed care contract contains a provision that the contractor shall collect Medicaid expenditure data by the categories of services paid for by the Medicaid Program. Actual statewide Medicaid expenditure data by all categories of Medicaid services, including mandated and optional Medicaid services, special expenditures/offsets, and Disproportionate Share Hospital

MEDICAID ADMINISTRATION

payments by type of hospital, shall be compiled by the Department for Medicaid Services for all Medicaid providers and forwarded to the Interim Joint Committee on Appropriations and Revenue on a quarterly basis. Projections of Medicaid expenditures by categories of Medicaid services shall be provided to the Interim Joint Committee on Appropriations and Revenue upon request."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

THIS PAGE INTENTIONALLY LEFT BLANK

H - Health and Family Services Cabinet**Operating Budget****Medicaid Benefits**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	1,153,097,000	1,153,097,000		1,188,964,400	1,187,211,700	(1,752,700)	1,283,645,600	1,282,652,600	(993,000)
Restricted Funds	394,626,800	394,626,800		382,564,800	386,664,800	4,100,000	362,393,100	366,616,100	4,223,000
Federal Funds	3,397,736,200	3,397,736,200		3,518,735,400	3,528,485,300	9,749,900	3,707,365,200	3,717,468,800	10,103,600
Regular Total Funds	4,945,460,000	4,945,460,000		5,090,264,600	5,102,361,800	12,097,200	5,353,403,900	5,366,737,500	13,333,600
Use of Continuing									
TOTAL FUNDS	4,945,460,000	4,945,460,000		5,090,264,600	5,102,361,800	12,097,200	5,353,403,900	5,366,737,500	13,333,600
II. EXPENDITURE CATEGORY									
Grants, Loans, Benefits	4,945,460,000	4,945,460,000		5,090,264,600	5,102,361,800	12,097,200	5,353,403,900	5,366,737,500	13,333,600
TOTAL EXPENDITURES	4,945,460,000	4,945,460,000		5,090,264,600	5,102,361,800	12,097,200	5,353,403,900	5,366,737,500	13,333,600
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	1,041,097,000	1,041,097,000		1,041,097,000	1,041,204,000	107,000	1,041,097,000	1,041,204,000	107,000
Restricted Funds	388,805,100	388,805,100		382,564,800	382,564,800		362,393,100	362,393,100	
Federal Funds	3,212,280,900	3,212,280,900		3,173,382,700	3,173,632,600	249,900	3,138,714,500	3,138,964,400	249,900
Regular Total Funds	4,642,183,000	4,642,183,000		4,597,044,500	4,597,401,400	356,900	4,542,204,600	4,542,561,500	356,900
Use of Continuing									
TOTAL BASE LEVEL	4,642,183,000	4,642,183,000		4,597,044,500	4,597,401,400	356,900	4,542,204,600	4,542,561,500	356,900
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund	112,000,000	112,000,000		147,867,400	146,007,700	(1,859,700)	242,548,600	241,448,600	(1,100,000)
Restricted Funds	5,821,700	5,821,700			4,100,000	4,100,000		4,223,000	4,223,000
Federal Funds	185,455,300	185,455,300		345,352,700	354,852,700	9,500,000	568,650,700	578,504,400	9,853,700
TOTAL ADDITIONAL	303,277,000	303,277,000		493,220,100	504,960,400	11,740,300	811,199,300	824,176,000	12,976,700
V. ADDITIONAL BUDGET ITEMS									
1 EXPAN Medical Assistance Continuation/Money Follows the Person/Home and Community Based Waiver Plus									
ABR748W0007 Provide funds to support inflation, increased utilization and community placements.									
General Fund	112,000,000	112,000,000		139,862,700	138,003,000	(1,859,700)	229,796,200	228,696,200	(1,100,000)
Restricted Funds	5,821,700	5,821,700			4,100,000	4,100,000		4,223,000	4,223,000
Federal Funds	185,455,300	185,455,300		326,657,400	336,157,400	9,500,000	538,753,400	548,607,100	9,853,700
Project Total	303,277,000	303,277,000		466,520,100	478,260,400	11,740,300	768,549,600	781,526,300	12,976,700

H - Health and Family Services Cabinet**Operating Budget****Medicaid Benefits**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
2 EXPAN Supports for Community Living									
ABR748W0001 Provide 50 additional slots in FY 2008-09 and an additional 50 slots in FY 2009-2010.									
General Fund				809,500	809,500		1,913,600	1,913,600	
Federal Funds				1,890,500	1,890,500		4,486,400	4,486,400	
Project Total				2,700,000	2,700,000		6,400,000	6,400,000	
3 EXPAN Acquired Brain Injury Long Term Care									
ABR748W0002 Provide 50 slots in FY 2008-09 and an additional 100 slots in FY 2009-2010.									
General Fund				1,948,700	1,948,700		5,606,300	5,606,300	
Federal Funds				4,551,300	4,551,300		13,143,700	13,143,700	
Project Total				6,500,000	6,500,000		18,750,000	18,750,000	
4 NEW Michelle P. Waiver									
ABR748W0008 Provide funds to support the Michelle P. waiver program.									
General Fund				5,246,500	5,246,500		5,232,500	5,232,500	
Federal Funds				12,253,500	12,253,500		12,267,200	12,267,200	
Project Total				17,500,000	17,500,000		17,499,700	17,499,700	
TOTAL ADDITIONAL	303,277,000	303,277,000		493,220,100	504,960,400	11,740,300	811,199,300	824,176,000	12,976,700

MEDICAID BENEFITS

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2008-2010 based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$67,262,416 and Restricted Fund appropriations by \$8,873,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2008-2010 based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009 and \$2,250,000 in fiscal year 2009-2010.

A consensus group, consisting of the Cabinet for Health and Family Services, Governor's Office for Policy and Management and Governor's Office for Economic Analysis forecasted Medicaid Benefits budgets based on an actuarial analysis of the cost per eligible by type of eligible performed by Pricewaterhouse Coopers, LLP.

The State/Executive Branch Budget Bill recommends \$107,502,700 in fiscal year 2008-2009 and \$110,150,600 in fiscal year 2009-2010 for the Kentucky Children's Insurance Program (KCHIP) including \$24,263,300 in General Fund support, \$213,200 in Restricted Funds and \$83,026,200 in Federal Funds in fiscal year 2008-2009 and \$25,024,500 in General Fund support and \$85,126,100 in Federal Funds in fiscal year 2009-2010. These funds are estimated to support approximately 50,000 children in each year of the biennium.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Supports for Community Living Slots: Included in the above appropriation is \$809,500 in General Fund moneys and \$1,890,500 in Federal Funds in fiscal year 2008-2009 to support 50 additional Supports for Community Living slots and \$1,913,600 in General Fund moneys and \$4,486,400 in Federal Funds in fiscal year 2009-2010 to support 50 additional Supports for Community Living slots for a total of 100 additional slots over the 2008-2010 fiscal biennium.

Supports for Community Living Waiver funds shall be utilized only for direct services to qualified Supports for Community Living Waiver recipients, and any unexpended funds shall not lapse but shall be carried forward to the next fiscal year for the same purpose."

"Michelle P. Waiver: Included in the above appropriation is \$5,246,500 in General Fund moneys and \$12,253,500 in Federal Funds

MEDICAID BENEFITS

in fiscal year 2008-2009 and \$5,232,500 in General Fund moneys and \$12,267,200 in Federal Funds in fiscal year 2009-2010 to support the Michelle P. waiver program.

"Carry Forward of General Fund Appropriation Balance: Notwithstanding KRS 45.229, any General Fund appropriation unexpended in fiscal year 2008-2009 shall not lapse but shall be carried forward into the next fiscal year."

"Disproportionate Share Hospital Program: Hospitals shall report indigent inpatient and outpatient care for which, under federal law, the hospital is eligible to receive disproportionate share payments. Disproportionate Share Hospital payments shall equal the maximum amounts established by federal law."

"Hospital Indigent Patient Billing: Hospitals shall not bill patients for services if the services have been reported to the Cabinet and the hospital has received disproportionate share payments for the specific services."

"Provider Tax Information: Any provider who posts a sign or includes information on customer receipts or any material distributed for public consumption indicating that it has paid provider tax shall also post, in the same size typeset as the provider tax information, the amount of payment received from the Department for Medicaid Services during the same period the provider tax was paid. Providers who fail to meet this requirement shall be excluded from the Disproportionate Share Hospital and Medicaid Programs. The Cabinet for Health and Family Services shall include this provision in facilities' annual licensure inspections."

"Quality and Charity Care Trust Fund: No hospital shall be reimbursed from both the Quality and Charity Care Trust Fund and the Disproportionate Share Hospital Program for the same service to the same patient. Any hospital that willfully violates this provision shall be subject to a penalty equal to three times the amount of the improper charge to the funds, which shall be credited to the General Fund. The Secretary of the Cabinet for Health and Family Services shall have the authority to secure the patient information as needed from the participating facilities in order to determine compliance and enforce this provision. Each facility billing and receiving reimbursements from the Quality and Charity Care Trust Fund shall be required to identify each patient by Social Security number and indicate whether the patient is classified as indigent or medically needy. In any fiscal year for which all the parties to the Quality and Charity Care Trust Agreement so agree, the General Fund appropriation to fulfill the Commonwealth's contractual obligation relating to the Quality and Charity Care Trust Agreement or any portion thereof, together with any other funds paid to the Quality and Charity Care Trust contractual obligation of the parties, or any portion thereof, shall be transferred to the Department for Medicaid Services as part of its Restricted Funds appropriation for Medicaid Benefits. In any fiscal year for which all the parties to the Quality and Charity Care Trust Agreement do not agree to transfer all or any portion of the Trust's revenues to the Department for Medicaid Services for Medicaid Benefits, the Quality and Charity Care Trust shall operate pursuant to its contractual provisions."

MEDICAID BENEFITS

"Kentucky Children's Health Insurance Program (KCHIP): The Secretary of the Cabinet for Health and Family Services may transfer funds from Medicaid Benefits to the KCHIP General Fund or Restricted Funds appropriations to be used to match the Federal Funds allocation. These transfers may be made to cover both additional regular allocations and redistribution from the federal government. The Secretary shall recommend any proposed transfer to the State Budget Director for review and concurrence prior to transfer. Upon concurrence of the State Budget Director and prior to the transfer, the Secretary shall make the appropriate interim appropriation increase requests pursuant to KRS 48.630."

"Intergovernmental Transfers (IGT's): Any funds received through an IGT agreement between the Department for Medicaid Services and other governmental entities, in accordance with a federally approved State Plan amendment, shall be used to provide for the health and welfare of the citizens of the Commonwealth through the provision of Medicaid Benefits. Revenues from IGT's are contingent upon agreement by the parties and, when negotiated, the Secretary of the Cabinet for Health and Family Services shall make the appropriate interim appropriations increase requests pursuant to KRS 48.630."

"Medicaid Budget Analysis Reports: The Department for Medicaid Services shall submit a quarterly budget analysis report to the Interim Joint Committee on Appropriations and Revenue. The report shall provide monthly detail of actual expenditures, eligibles, and average monthly cost per eligible by eligibility category along with current trailing 12-month averages for each of these figures. The report shall also provide actual figures for all categories of noneligible-specific expenditures such as Supplemental Medical Insurance premiums, Kentucky Patient Access to Care, nonemergency transportation, drug rebates, cost settlements, and Disproportionate Share Hospital payments by type of hospital. The report shall compare the actual expenditure experience with those underlying the enacted or revised enacted budget and explain any significant variances which may occur."

"Medicaid Benefits Budget Deficit: In the event Medicaid Benefits expenditures are projected to exceed available funds, the Secretary of the Cabinet for Health and Family Services shall be empowered to recommend that reimbursement rates, optional services, eligibles, or programs be reduced or maintained at levels existing at the time of the projected deficit in order to avoid a budget deficit. The projected deficit shall be confirmed by the Office of State Budget Director. No service, eligible, or program reductions shall be implemented by the Cabinet for Health and Family Services without written notice of such action to the Interim Joint Committee on Appropriations and Revenue and the State Budget Director. Such actions taken by the Cabinet for Health and Family Services shall be reported, upon request, at the next meeting of the Interim Joint Committee on Appropriations and Revenue."

"Medicaid Benefits Budget Surplus: In the event Medicaid Benefits expenditures are less than available funds, the Secretary of the Cabinet for Health and Family Services may recommend the utilization of available funds to increase reimbursement rates, support

MEDICAID BENEFITS

program administration, or expand the Medicaid Program or the number of eligibles. No reimbursement rate, service, eligible, or program shall be increased without written approval of the State Budget Director and a report to the Interim Joint Committee on Appropriations and Revenue."

"Transfer of Medicaid Benefits Funds: Any portion of the General Fund appropriation in either fiscal year that is deemed to be necessary for the administration of the Medicaid program may be transferred from Medicaid Benefits in accordance with statutes governing the functions and activities of the Department for Medicaid Services. The Secretary shall recommend any proposed transfer to the State Budget Director for approval prior to transfer. Such action shall be reported by the Cabinet for Health and Family Services to the Interim Joint Committee on Appropriations and Revenue."

"Critical Access Hospitals: Beginning with the effective date of this Act through June 30, 2010, no acute care hospital shall convert to a critical access hospital unless the hospital has either received funding for a feasibility study from the Kentucky State Office of Rural Health or filed a written request by January 1, 2008 with the Kentucky State Office of Rural Health requesting funding for conducting a feasibility study."

"Medicaid Copayments: Notwithstanding KRS 205.6312, the Department for Medicaid Services may impose copayments for services rendered to Medicaid recipients not to exceed the amounts permitted by federal authority."

"Hospital Provider Tax and Enhanced Payments: Notwithstanding KRS 142.303, hospital provider tax collections in fiscal year 2007-2008 shall not be less than \$180,000,000. Notwithstanding KRS 205.640, the Department for Medicaid Services shall use these funds to maintain and continue the hospital inpatient payment enhancements to Kentucky hospitals adopted in fiscal year 2005-2006 and the additional funding allocated by the Department to enhance reimbursement to hospitals paid under managed care arrangements. If the aggregate tax collected from all hospitals in fiscal year 2007-2008, pursuant to KRS 142.303, is less than \$180,000,000, each hospital shall pay an additional provider tax in an amount equal to its pro rata share of the difference, based on its taxes paid in relation to total hospital taxes paid in the prior fiscal year. If the hospital provider tax paid in fiscal year 2007-2008, pursuant to KRS 142.303, is greater than \$180,000,000, the amount in excess of \$180,000,000 shall be deposited into the Hospital Payment Improvement Trust Fund, which is hereby created in the State Treasury as a trust and agency account, and shall be matched with Federal Funds for the sole use of increasing reimbursement to Kentucky hospitals, including those paid under managed care arrangements. To the extent that funds remain in the trust fund established by 2005 Ky. Acts ch. 173, Part I, H.3.b.(7), those funds shall be transferred to the fund created in this subsection and shall be used for the purposes stated in this paragraph.

Notwithstanding KRS 142.303, hospital provider tax collections for fiscal year 2008-2009 and fiscal year 2009-2010 shall be not

MEDICAID BENEFITS

less than \$180,000,000 but shall not exceed the amount of the aggregate provider taxes paid by hospitals in fiscal year 2007-2008. Notwithstanding KRS 205.640, the Department for Medicaid Services shall use these funds to maintain and continue the hospital inpatient payment enhancements to Kentucky hospitals adopted in fiscal year 2007-2008 and the additional funding allocated by the Department to enhance reimbursement to hospitals paid under managed care arrangements. Notwithstanding KRS 142.301 to 142.363, taxes due in fiscal year 2008-2009 and in fiscal year 2009-2010 shall be paid in 12 equal monthly installments, except as otherwise provided in this paragraph, with each payment due no later than 20 days after the last day of each calendar month. At least 30 days prior to the beginning of the fiscal year, the Department of Revenue shall send written notice to each hospital of the hospital's estimated total tax liability for the year. The estimate for fiscal year 2008-2009 shall be based on actual payments for the first ten months of fiscal year 2007-2008. In the case of a new hospital that did not operate in state fiscal year 2007-2008, the hospital shall be taxed pursuant to KRS 142.303."

"Acquired Brain Injury Long Term Care Waiver Program: Included in the above appropriation is \$1,948,700 in General Fund moneys and \$4,551,300 in Federal Funds in fiscal year 2008-2009 to support 50 individuals and \$5,606,300 in General Fund moneys and \$13,143,700 in Federal Funds in fiscal year 2009-2010 to support 100 additional individuals for a total of 150 slots over the 2008-2010 biennium."

"Medicaid Pharmacy: Notwithstanding KRS 205.6312(4), a pharmacy provider participating in the Medical Assistance Program shall not be required to serve an eligible recipient if the recipient does not make the required copayment at the time of service, except for an initial encounter when a recipient presents a condition which could result in harm to the recipient if left untreated, in which case the pharmacist shall dispense a 72 hour emergency supply of the required medicine. The recipient may then return to the pharmacy with the necessary copayment to obtain the remainder of the prescription. Only one dispensing fee shall be paid by the Cabinet for the provision of both the emergency supply and the remainder of the prescription."

The following assumptions are reflected in Medicaid Benefits projections:

Blended federal match rates for Medicaid Benefits are projected to be: 70.02% in fiscal year 2008-2009 and 70.10% in fiscal year 2009-2010. Blended federal match rates for KCHIP are projected to be: 79.02% in fiscal year 2008-2009 and 79.07% in fiscal year 2009-2010.

Medicaid eligibles (per month): 722,730 in fiscal year 2008-2009 and 726,900 in fiscal year 2009-2010. Included in these numbers are 51,750 KCHIP eligibles in each fiscal year.

MEDICAID BENEFITS

Provider Taxes are projected to total to \$302 million in fiscal year 2007-2008, \$303.4 million in fiscal year 2008-2009 and \$283.4 million in fiscal year 2009-2010 which reflects a loss of approximately \$30 million from the expiration of the Medicaid Managed Care Provider Tax effective October 1, 2009 pursuant to the 2005 Deficit Reduction Act.

Receipts/State Match from Intergovernmental Transfers (IGTs) are projected to equal \$11 million in each fiscal year.

Disproportionate Share Hospital payments are capped at \$194,833,100 in fiscal year 2008-2009 and \$195,726,600 in fiscal year 2009-2010. Included in these caps are state mental hospital DSH payments which are capped at \$34,300,600 in each fiscal year. This budget includes state matches from university teaching hospitals for DSH funds for the University of Kentucky and University of Louisville Hospitals which are projected to equal approximately \$72.1 million combined in each fiscal year.

The State/Executive Branch Budget Bill, Part I, Operating Budget, assumes continuation of the Region 3 (Louisville and surrounding counties) Medicaid Partnership and Kentucky Health Choices which allows different benefit packages in different areas of the state for different Medicaid populations with increased cost sharing pursuant to the 2005 Deficit Reduction Act.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly provides an additional \$107,000 in General Fund support and \$249,900 in Federal Funds in each fiscal year to continue current Medicaid services.

The General Assembly redirects General Fund support totaling \$1,859,700 in fiscal year 2008-2009 and \$1,100,000 in fiscal year 2009-2010 to other agencies within the Cabinet to restore Branch base reductions.

The General Assembly provides an additional \$4,100,000 in General Fund support and \$9,500,000 in Federal Funds in fiscal year 2008-2009 and an additional \$4,223,000 in General Fund support and \$9,853,700 in Federal Funds in fiscal year 2009-2010 to support enhanced payments to an urban trauma center hospital as defined in 907 KAR 1:013 subject to the availability of state matching funds and federal approval.

The General Assembly adds Part I, Operating Budget, language provisions as follows:

"Urban Trauma Center: Included in the above appropriation is funding to provide for payments for costs associated with operating

MEDICAID BENEFITS

an urban trauma center hospital as defined in 907 KAR 1:013. Payments are conditional upon availability of state matching funds and the ability to receive federal financial participation for such payments."

"Medicaid State Match for Preventive Services By Local and District Health Departments: Included in the above appropriation in each year of the fiscal biennium are the total state matching funds required to fully support preventive health services provided to Medicaid recipients through local and district health departments. Such services shall continue, at a minimum, at the current level."

"Appeals: An appeal from denial of a service or services provided by a Medicaid managed care organization for medical necessity, or denial, limitation, or termination of a health care service in a case involving a medical or surgical specialty or subspecialty, shall, upon request of the recipient, authorized person, or provider, include a review by a board-eligible or board-certified physician in the appropriate specialty or subspecialty area; except in the case of a health care service rendered by a chiropractor or optometrist, in which case, the denial shall be made respectively by a chiropractor or optometrist duly licensed in Kentucky as specified in KRS 304.17A-607(1)(b). The physician reviewer shall not have participated in the initial review and denial of service and shall not be the provider of service or services under consideration in the appeal."

The General Assembly deletes the Part I, Operating Budget, language provision relating to hospital provider tax and enhanced payments.

THIS PAGE INTENTIONALLY LEFT BLANK

H - Health and Family Services Cabinet**Operating Budget****Mental Health and Mental Retardation Services**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	800,000	800,000		975,000	975,000		975,000	975,000	
General Fund	199,681,300	199,681,300		183,055,400	199,831,300	16,775,900	184,097,500	199,035,300	14,937,800
Restricted Funds	215,861,500	215,861,500		227,844,600	227,844,600		229,704,900	229,704,900	
Federal Funds	45,915,600	45,915,600		43,120,600	43,120,600		39,920,600	39,920,600	
Regular Total Funds	462,258,400	462,258,400		454,995,600	471,771,500	16,775,900	454,698,000	469,635,800	14,937,800
Use of Continuing	113,300	113,300							
TOTAL FUNDS	462,371,700	462,371,700		454,995,600	471,771,500	16,775,900	454,698,000	469,635,800	14,937,800

II. EXPENDITURE CATEGORY

Personnel Costs	120,859,600	120,859,600		111,880,300	111,880,300		112,027,500	112,027,500	
Operating Expenses	21,402,800	21,402,800		21,088,000	21,088,000		21,088,000	21,088,000	
Grants, Loans, Benefits	319,894,300	319,894,300		321,913,300	338,289,200	16,375,900	320,672,500	335,522,300	14,849,800
Debt Service	101,000	101,000					796,000	884,000	88,000
Capital Outlay	114,000	114,000		114,000	514,000	400,000	114,000	114,000	
TOTAL EXPENDITURES	462,371,700	462,371,700		454,995,600	471,771,500	16,775,900	454,698,000	469,635,800	14,937,800

III. BASE LEVEL BUDGET BY FUND SOURCE

General Fund (Tobacco)	800,000	800,000		975,000	975,000		975,000	975,000	
General Fund	195,271,700	195,271,700		183,055,400	193,256,200	10,200,800	183,301,500	193,256,200	9,954,700
Restricted Funds	215,861,500	215,861,500		227,844,600	227,844,600		229,704,900	229,704,900	
Federal Funds	45,915,600	45,915,600		43,120,600	43,120,600		39,920,600	39,920,600	
Regular Total Funds	457,848,800	457,848,800		454,995,600	465,196,400	10,200,800	453,902,000	463,856,700	9,954,700
Use of Continuing	113,300	113,300							
TOTAL BASE LEVEL	457,962,100	457,962,100		454,995,600	465,196,400	10,200,800	453,902,000	463,856,700	9,954,700

IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE

General Fund	4,409,600	4,409,600			6,575,100	6,575,100	796,000	5,779,100	4,983,100
TOTAL ADDITIONAL	4,409,600	4,409,600			6,575,100	6,575,100	796,000	5,779,100	4,983,100

V. ADDITIONAL BUDGET ITEMS**1 RRF Revenue Replacement ICF-MR Facilities**

ABR729T0013 Provide funds to replace lost Medicaid revenue.

General Fund	4,409,600	4,409,600							
Project Total	4,409,600	4,409,600							

H - Health and Family Services Cabinet**Operating Budget****Mental Health and Mental Retardation Services**

			Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
			Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
2	NEW	Debt Service									
ABR729T0017			Provide funds to support debt service for \$18,000,000 in bonds to replace Glasgow State Nursing Facility.								
General Fund									796,000		(796,000)
Project Total									796,000		(796,000)
3	NEW	Debt Service									
ABR729T0018			Provide funds to support debt service for \$10,000,000 in bonds to construct Hazelwood Intermediate Care Facility for the Mentally Retarded/Developmentally Disabled.								
General Fund										884,000	884,000
Project Total										884,000	884,000
4	NEW	Hazelwood Intermediate Care Facility for the Mentally Retarded/Developmentally Disabled									
ABR729T0019			Provide funds for site preparation to construct Hazelwood Intermediate Care Facility for the Mentally Retarded/Developmentally Disabled								
General Fund							400,000	400,000			
Project Total							400,000	400,000			
5	EXPAN	Mental Health/Mental Retardation Continuation									
ABR729T0020			Provide funds to support inflation and increased utilization.								
General Fund							6,175,100	6,175,100		4,895,100	4,895,100
Project Total							6,175,100	6,175,100		4,895,100	4,895,100
TOTAL ADDITIONAL			4,409,600	4,409,600			6,575,100	6,575,100	796,000	5,779,100	4,983,100
TRANSFERS TO THE GENERAL FUND											
Mental Health and Mental Retardation Services											
General Fund (Tobacco)							175,000	175,000		175,000	175,000
TOTAL							175,000	175,000		175,000	175,000

MENTAL HEALTH AND MENTAL RETARDATION SERVICES

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2008-2010 based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$67,262,416 and Restricted Fund appropriations by \$8,873,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2008-2010 based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009 and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Disproportionate Share Hospital Funds: Mental health disproportionate share funds are budgeted at the maximum amounts permitted by the Federal Balanced Budget Act of 1997, as amended by the Federal Benefits Improvements and Protection Act of 2000 and the Medicare Modernization Act of 2003, in the amount of \$34,567,300 in each fiscal year."

"Debt Service: Included in the above General Fund appropriation in fiscal year 2009-2010 is \$796,000 for debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

"Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is \$975,000 in each fiscal year for substance abuse prevention and treatment for pregnant women with a history of substance abuse problems."

"Replacement of Eastern State Hospital: To continue the planning process for the replacement of Eastern State Hospital, the Secretary of the Cabinet for Health and Family Services shall evaluate options for the planning of, and financing for, the replacement of the facility to meet the needs of individuals for which the Commonwealth is responsible. The Secretary shall propose a plan to the Governor and the Secretary of the Finance and Administration Cabinet for the replacement of the facility by December 1, 2008."

The State/Executive Branch Budget Bill, Part II, Capital Budget, provides \$18,000,000 in bond funds to replace Glasgow State Nursing Facility.

MENTAL HEALTH AND MENTAL RETARDATION SERVICES

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly provides General Fund support totaling \$10,200,800 in fiscal year 2008-2009 and \$9,954,700 in fiscal year 2009-2010 to restore the Branch budget reduction and continue current services. In addition, the Conference provides General Fund support totaling \$6,175,100 in fiscal year 2008-2009 and \$4,895,100 in fiscal year 2009-2010 to support inflation and increased utilization and to continue current services.

The General Assembly provides additional General Fund support totaling \$400,000 in fiscal year 2008-2009 for site preparation for the construction of the Hazelwood Intermediate Care Facility for the Mentally Retarded/Developmentally Disabled (ICF MR/DD). In addition, the Conference provides \$884,000 in General Fund support in fiscal year 2008-2009 for debt service for \$10,000,000 in bond funds to construct the Hazelwood Intermediate Care Facility for the Mentally Retarded/Developmentally Disabled.

The General Assembly does not provide \$796,000 in General Fund support in fiscal year 2008-2009 for debt service for \$18,000,000 in bond funds to construct the Glasgow State Nursing Facility.

The General Assembly deletes the Part I, Operating Budget, language provision relating to \$796,000 in General Fund support for debt service to support new bonds as set forth in the Part II, Capital Budget, to construct the Glasgow State Nursing Facility.

The General Assembly provides the following Part I, Operating Budget, language provision relating to the relocation of Central State Hospital licensed ICF MR/DD beds and patients to the newly constructed Hazelwood Intermediate Care Facility for the Mentally Retarded/Developmentally Disabled:

"Prior Notice Process for Changes to the Operations of Central State Hospital Intermediate Care Facility for the Mentally Retarded/Developmentally Disabled: Notwithstanding KRS 210.045(1)(g), 210.045(1)(h), and 210.045(2), the 60 day notice requirement contained in KRS 210.045 shall be suspended until July 1, 2010, for changes to Central State Hospital ICF MR/DD as referenced in subsection (5) of this section. However, the remaining provisions of KRS 210.045 shall continue to be in effect."

"Hazelwood Intermediate Care Facility for the Mentally Retarded/Developmentally Disabled: The Cabinet for Health and Family Services shall procure, through the process established by KRS Chapter 45A, a contractual arrangement for a nonstate agency

MENTAL HEALTH AND MENTAL RETARDATION SERVICES

to construct residential units to accommodate the transfer of licensed ICF MR/DD beds from and associated patients at Central State Hospital to the Hazelwood campus. This contract shall include the construction of an outpatient psychiatric and medical health clinic and an outpatient psychiatric dental clinic on the campus of Hazelwood ICF MR/DD.

Included in the above General Fund appropriation is \$400,000 in fiscal year 2008-2009 for site preparation for the Hazelwood ICF MR/DD project and \$884,000 in fiscal year 2009-2010 for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act."

The General Assembly amends the Part I, Operating Budget, language provision relating to the replacement of Eastern State Hospital as follows:

"Replacement of Eastern State Hospital: The Commonwealth recognizes the statutory role of community mental health/mental retardation boards in providing mental health and mental retardation services across the Commonwealth. Notwithstanding any other provision of law to the contrary, the Secretary of the Cabinet for Health and Family Services shall solicit a proposal from the Bluegrass Regional Mental Health and Mental Retardation (MH/MR) Board, Inc. to operate a new Eastern State Facility constructed to replace the existing Eastern State Hospital facility.

Notwithstanding any other provision of law to the contrary, upon a finding by the secretary that the proposal meets programmatic requirements for the anticipated population and its needs and upon a further finding that the financial provisions are satisfactory, the cabinet may enter into a contractual arrangement with Bluegrass Regional MH/MR Board, Inc. to operate the facility without soliciting competing proposals.

The replacement of the Eastern State Hospital facility as set forth in Part II, Capital Projects Budget, of this Act shall include the establishment of a 12 bed post-acute intensive rehabilitation unit for acquired brain injured individuals that shall provide on-going active therapy aimed at maximizing recovery and at returning patients to home, work, or school, similar to programs in Carbondale, Illinois and Irving, Texas."

The General Assembly provides the following additional Part I, Operating Budget, language provision relating to the replacement of Eastern State Hospital:

"Rental Payments: If the new mental health facility to replace Eastern State Hospital as authorized in this Act is occupied by the

MENTAL HEALTH AND MENTAL RETARDATION SERVICES

Cabinet for Health and Family Services during the 2008-2010 fiscal biennium, all associated rental payments shall be deemed a necessary government expense and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act."

The General Assembly amends the Part II, Capital Budget, to include \$10,000,000 in bond funds to construct the Hazelwood Intermediate Care Facility for the Mentally Retarded/Developmentally Disabled and \$129,005,000 in other funds to construct a replacement facility for Eastern State Hospital.

The General Assembly amends the Part II, Capital Budget, by deleting \$18,000,000 in bond funds to replace the Glasgow State Nursing Facility.

The General Assembly provides the following Part II, Capital Budget, language provisions relating to the construction of Hazelwood ICF MR/DD:

"Site Preparation: The Part I, Operating Budget, for Mental Health/Mental Retardation includes \$400,000 in General Fund support in fiscal year 2008-2009 for site preparation of the Hazelwood ICF MR/DD as set forth in Part I, H., 4., (5), of this Act."

The General Assembly provides the following Part II, Capital Budget, language provisions relating to the replacement of Eastern State Hospital:

"Property Lease: The Finance and Administration Cabinet and the Cabinet for Health and Family Services are authorized to execute a long-term lease with the University of Kentucky for property at the University of Kentucky's Coldstream Research Campus on Newtown Pike in Lexington, Kentucky for the sum of one dollar per year for 99 years, on which to locate a new mental health facility to replace Eastern State Hospital."

"Financing, Design and Construction, and Lease-Rental Payments: The Finance and Administration Cabinet is authorized to enter into an agreement with the Lexington-Fayette Urban-County Government, or its public properties corporation, to provide the financing for a new mental health facility to replace Eastern State Hospital. The Finance and Administration Cabinet, on behalf of the Cabinet for Health and Family Services, shall procure the design and construction of a new mental health facility to replace Eastern State Hospital. The Cabinet for Health and Family Services is authorized to make lease-rental payments to the Lexington-Fayette Urban-County Government, or its public properties corporation, upon the cabinet's occupancy of the new mental health facility."

MENTAL HEALTH AND MENTAL RETARDATION SERVICES

"Agreement Approval: Subsections (1) and (2) above are contingent upon the execution and approval by the University of Kentucky Board of Trustees, the Secretary of the Finance and Administration Cabinet on behalf of the Cabinet for Health and Family Services, and the Lexington-Fayette Urban-County Government, or its public properties corporation, of all contractual agreements required by subsections (1) and (2) above. The executed agreements shall be reported to the Interim Joint Committee on Appropriations and Revenue and the Capital Projects and Bond Oversight Committee."

"Vacate Facilities: The Kentucky Community and Technical College System is authorized to vacate the property on the current Bluegrass Community and Technical College, Cooper Drive Campus, located in Lexington, Kentucky, as determined and agreed to by the University of Kentucky and the Kentucky Community and Technical College System."

"Transfer of Existing Property: The Finance and Administration Cabinet is authorized to transfer the state property known as Eastern State Hospital, occupied by the Cabinet for Health and Family Services on West Fourth Street in Lexington, Kentucky, to the Kentucky Community and Technical College System at an appropriate time consistent with the relocation of the Cabinet for Health and Family Services' programs from that property to the new mental health facility, as determined by the Secretary of the Finance and Administration Cabinet."

"Project Status Report: Within 90 days of the effective date of this Act, the Finance and Administration Cabinet shall report the status of the Replacement of Eastern State Hospital project to the Interim Joint Committee on Appropriations and Revenue. Project status reports to the Interim Joint Committee on Appropriations and Revenue shall be required every six months thereafter, until project completion."

The General Assembly amends Part V, Funds Transfer, to include the transfer of General Fund (Tobacco) totaling \$175,000 in each fiscal year.

THIS PAGE INTENTIONALLY LEFT BLANK

H - Health and Family Services Cabinet**Capital Budget****Mental Health and Mental Retardation Services**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				18,000,000	10,000,000	(8,000,000)			
Other Funds					129,005,000	129,005,000			
TOTAL CAPITAL				18,000,000	139,005,000	121,005,000			

II. CAPITAL PROJECTS**1 Replacement of Glasgow State Nursing Facility Reauthorization and Reallocation (\$2,000,000 Bond Funds)**

PRJ729T2308

Bond Funds	18,000,000	(18,000,000)
------------	------------	--------------

Project Total	18,000,000	(18,000,000)
----------------------	-------------------	---------------------

2 Fayette County - Lease

PRJ729T5001

General Fund

Project Total**3 Franklin County - Lease**

PRJ729T5000

General Fund

Project Total**4 Construct Hazelwood Intermediate Care Facility for the Mentally Retarded/Developmentally Disabled**

PRJ729T5003

Bond Funds	10,000,000	10,000,000
------------	------------	------------

Project Total	10,000,000	10,000,000
----------------------	-------------------	-------------------

5 Construct Replacement of Eastern State Hospital

PRJ729T5005

Other Funds	129,005,000	129,005,000
-------------	-------------	-------------

Project Total	129,005,000	129,005,000
----------------------	--------------------	--------------------

TOTAL CAPITAL	18,000,000	139,005,000	121,005,000
----------------------	-------------------	--------------------	--------------------

THIS PAGE INTENTIONALLY LEFT BLANK

H - Health and Family Services Cabinet**Operating Budget****Public Health**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	16,793,000	16,793,000		16,856,300	16,856,300		17,078,900	17,078,900	
General Fund	71,009,200	71,009,200		62,199,200	71,409,200	9,210,000	62,734,600	71,609,200	8,874,600
Restricted Funds	81,315,100	81,315,100		85,038,600	85,038,600		85,100,800	85,100,800	
Federal Funds	183,976,500	183,976,500		184,332,900	184,332,900		184,604,000	184,604,000	
Regular Total Funds	353,093,800	353,093,800		348,427,000	357,637,000	9,210,000	349,518,300	358,392,900	8,874,600
Use of Continuing	3,757,500	3,757,500							
TOTAL FUNDS	356,851,300	356,851,300		348,427,000	357,637,000	9,210,000	349,518,300	358,392,900	8,874,600
II. EXPENDITURE CATEGORY									
Personnel Costs	48,841,300	48,841,300		46,902,200	48,302,200	1,400,000	47,751,000	49,251,000	1,500,000
Operating Expenses	15,978,400	15,978,400		15,848,900	16,278,900	430,000	15,849,300	15,449,300	(400,000)
Grants, Loans, Benefits	291,565,600	291,565,600		285,675,900	293,055,900	7,380,000	285,918,000	293,692,600	7,774,600
Debt Service	466,000	466,000							
TOTAL EXPENDITURES	356,851,300	356,851,300		348,427,000	357,637,000	9,210,000	349,518,300	358,392,900	8,874,600
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	16,793,000	16,793,000		16,856,300	16,856,300		17,078,900	17,078,900	
General Fund	71,009,200	71,009,200		62,199,200	70,579,200	8,380,000	62,734,600	70,579,200	7,844,600
Restricted Funds	81,315,100	81,315,100		85,038,600	85,038,600		85,100,800	85,100,800	
Federal Funds	183,976,500	183,976,500		184,332,900	184,332,900		184,604,000	184,604,000	
Regular Total Funds	353,093,800	353,093,800		348,427,000	356,807,000	8,380,000	349,518,300	357,362,900	7,844,600
Use of Continuing	3,757,500	3,757,500							
TOTAL BASE LEVEL	356,851,300	356,851,300		348,427,000	356,807,000	8,380,000	349,518,300	357,362,900	7,844,600
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund					830,000	830,000		1,030,000	1,030,000
TOTAL ADDITIONAL					830,000	830,000		1,030,000	1,030,000
V. ADDITIONAL BUDGET ITEMS									
1 CONT	Increased cost of medical related services.								
ABR728S0030	Provide for increased level of base cost growth due to inflation of medically related services.								
General Fund					430,000	430,000		430,000	430,000
Project Total					430,000	430,000		430,000	430,000

H - Health and Family Services Cabinet**Operating Budget****Public Health**

Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
2 GB Ky Prescription Drug Patient Assistance Program								
ABR728S0032	Provide funds for consolidation and coordination of prescription assistance program of the Cabinet and implementation of statewide program through local partners.							
General Fund				400,000	400,000		600,000	600,000
Project Total				400,000	400,000		600,000	600,000
TOTAL ADDITIONAL				830,000	830,000		1,030,000	1,030,000

TRANSFERS TO THE GENERAL FUND**Public Health**

Agency Revenue Fund (KRS 194A.050(4), 211.350(10), 211.848(2), 212.025(2), 217.125(2), 219.071, and 221.020(2))	50,900	50,900						
General Fund (Tobacco)				4,255,900	4,255,900		4,478,300	4,478,300
TOTAL	50,900	50,900		4,255,900	4,255,900		4,478,300	4,478,300

PUBLIC HEALTH

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from Public Health, Restricted Funds of \$50,900 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is \$9,099,900 in each fiscal year for the Health Access Nurturing Development Services Program, \$2,307,600 in fiscal year 2008-2009 and \$2,457,600 in fiscal year 2009-2010 for Healthy Start initiatives, \$2,313,400 in each fiscal year for Universal Children's Immunizations, \$400,000 in each fiscal year for the Folic Acid Program, \$1,000,000 in fiscal year 2008-2009 and \$1,072,400 in fiscal year 2009-2010 for Early Childhood Mental Health, \$510,500 in each fiscal year for Early Childhood Oral Health, \$1,000,000 in each fiscal year for the Kentucky Early Intervention Services First Steps Program, and \$224,900 in fiscal year 2008-2009 and \$225,100 in fiscal year 2009-2010 for the Reach Out and Read Program."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly adds Part I, Operating Budget, language provisions as follows:

"Local and District Health Department Payments: The Department for Public Health shall not impose a cap or other restriction on

PUBLIC HEALTH

the number or amount of services that a local or district health department may provide. The Department for Public Health shall submit all requests for payment for services provided to the Department for Medicaid Services that are submitted by a local or district health department."

"Medicaid State Match for Preventive Services Through Local and District Health Departments: Included in the Medicaid Benefits appropriation as set forth in Part I, H., 3., b., of this Act is the total General Fund state matching dollars required in each fiscal year to fully support preventive health services provided to Medicaid recipients through local and district health departments."

"Kentucky Prescription Drug Patient Assistance Program: Included in the above General Fund appropriation is \$400,000 in fiscal year 2008-2009 and \$600,000 in fiscal year 2009-2010 to continue the Kentucky Prescription Drug Patient Assistance Program. The purpose of these funds shall be to consolidate all programs in the Cabinet for Health and Family Services that assist individuals in obtaining free or reduced-price prescription drugs and to make at least \$150,000 in grants available each year of the biennium to local agencies and organizations that are providing these services in a manner that has the potential for expansion or adoption on a statewide basis. Progress in implementing this system, including the amount of free drugs retained by each local agency or organization, shall be reported on a semiannual basis to the Interim Joint Committees on Appropriations and Revenue and Health and Welfare."

The General Assembly provides an additional \$8,290,000 in General Fund support in fiscal year 2008-2009 and an additional \$8,874,600 in General Fund support in fiscal year 2009-2010 to support Local and District Health Departments, central office support functions and to restore Branch base reductions.

The General Assembly amends, Part V, Funds Transfer, to include the transfer of General Fund (Tobacco) totaling \$4,255,900 in fiscal year 2008-2009 and \$4,478,300 in fiscal year 2009-2010.

H - Health and Family Services Cabinet**Operating Budget****Health Policy**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	600,700	600,700		553,000	553,000		583,300	583,300	
Restricted Funds	1,413,700	1,413,700		578,700	578,700		578,700	578,700	
Regular Total Funds	2,014,400	2,014,400		1,131,700	1,131,700		1,162,000	1,162,000	
Use of Continuing									
TOTAL FUNDS	2,014,400	2,014,400		1,131,700	1,131,700		1,162,000	1,162,000	
II. EXPENDITURE CATEGORY									
Personnel Costs	1,622,500	1,622,500		1,036,000	1,036,000		1,066,300	1,066,300	
Operating Expenses	63,400	63,400		60,500	60,500		60,500	60,500	
Grants, Loans, Benefits	328,500	328,500		35,200	35,200		35,200	35,200	
TOTAL EXPENDITURES	2,014,400	2,014,400		1,131,700	1,131,700		1,162,000	1,162,000	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	600,700	600,700		553,000	553,000		583,300	583,300	
Restricted Funds	1,413,700	1,413,700		578,700	578,700		578,700	578,700	
Regular Total Funds	2,014,400	2,014,400		1,131,700	1,131,700		1,162,000	1,162,000	
Use of Continuing									
TOTAL BASE LEVEL	2,014,400	2,014,400		1,131,700	1,131,700		1,162,000	1,162,000	
TRANSFERS TO THE GENERAL FUND									
Health Policy									
Agency Revenue Fund (KRS 212.025(2))	200,000	200,000		43,700	43,700		43,700	43,700	
TOTAL	200,000	200,000		43,700	43,700		43,700	43,700	

HEALTH POLICY

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from Health Policy, Restricted Funds of \$200,000 in fiscal year 2007-2008, \$43,700 in fiscal year 2008-2009, and \$43,700 in fiscal year 2009-2010.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly adds a Part I, Operating Budget, language provision as follows:

"Voluntary Relinquishment of a Certificate of Need or Licensure: Notwithstanding KRS 216B.061, following the voluntary closure of a health care facility, revocation of a certificate of need, or revocation of licensure, the beds, equipment, and services provided by the closed facility shall be reserved for applications for any certificate of need to reestablish the same services, in whole or part, in the same county as the closed health facility."

H - Health and Family Services Cabinet**Operating Budget****Human Support Services**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	100,000	100,000		175,000	175,000		175,000	175,000	
General Fund	12,561,600	12,561,600		7,034,600	7,534,600	500,000	7,055,300	7,555,300	500,000
Restricted Funds	626,000	626,000		626,000	626,000		626,000	626,000	
Federal Funds	3,929,500	3,929,500		3,902,700	3,902,700		3,909,700	3,909,700	
Regular Total Funds	17,217,100	17,217,100		11,738,300	12,238,300	500,000	11,766,000	12,266,000	500,000
Use of Continuing	130,900	130,900							
TOTAL FUNDS	17,348,000	17,348,000		11,738,300	12,238,300	500,000	11,766,000	12,266,000	500,000
II. EXPENDITURE CATEGORY									
Personnel Costs	906,800	906,800		779,000	779,000		806,700	806,700	
Operating Expenses	241,200	241,200		228,500	228,500		228,500	228,500	
Grants, Loans, Benefits	16,200,000	16,200,000		10,730,800	11,230,800	500,000	10,730,800	11,230,800	500,000
TOTAL EXPENDITURES	17,348,000	17,348,000		11,738,300	12,238,300	500,000	11,766,000	12,266,000	500,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	100,000	100,000		175,000	175,000		175,000	175,000	
General Fund	12,561,600	12,561,600		7,034,600	7,534,600	500,000	7,055,300	7,555,300	500,000
Restricted Funds	626,000	626,000		626,000	626,000		626,000	626,000	
Federal Funds	3,929,500	3,929,500		3,902,700	3,902,700		3,909,700	3,909,700	
Regular Total Funds	17,217,100	17,217,100		11,738,300	12,238,300	500,000	11,766,000	12,266,000	500,000
Use of Continuing	130,900	130,900							
TOTAL BASE LEVEL	17,348,000	17,348,000		11,738,300	12,238,300	500,000	11,766,000	12,266,000	500,000
TRANSFERS TO THE GENERAL FUND									
Human Support Services									
General Fund (Tobacco)					75,000	75,000		75,000	75,000
TOTAL					75,000	75,000		75,000	75,000

HUMAN SUPPORT SERVICES

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is \$175,000 in each fiscal year for the Children's Advocacy Centers."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly provides \$500,000 in General Fund support in each fiscal year to restore the Branch budget reduction and continue current services.

The General Assembly amends Part V, Funds Transfer, to include the transfer of General Fund (Tobacco) of \$75,000 in each fiscal year.

H - Health and Family Services Cabinet**Operating Budget****Ombudsman**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	3,577,800	3,577,800		3,287,400	3,287,400		3,391,200	3,391,200	
Restricted Funds	37,800	37,800		17,000	17,000		17,000	17,000	
Federal Funds	2,333,000	2,333,000		2,126,000	2,126,000		2,192,900	2,192,900	
Regular Total Funds	5,948,600	5,948,600		5,430,400	5,430,400		5,601,100	5,601,100	
Use of Continuing									
TOTAL FUNDS	5,948,600	5,948,600		5,430,400	5,430,400		5,601,100	5,601,100	
II. EXPENDITURE CATEGORY									
Personnel Costs	5,578,800	5,578,800		5,123,400	5,123,400		5,293,900	5,293,900	
Operating Expenses	369,800	369,800		307,000	307,000		307,200	307,200	
TOTAL EXPENDITURES	5,948,600	5,948,600		5,430,400	5,430,400		5,601,100	5,601,100	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	3,577,800	3,577,800		3,287,400	3,287,400		3,391,200	3,391,200	
Restricted Funds	37,800	37,800		17,000	17,000		17,000	17,000	
Federal Funds	2,333,000	2,333,000		2,126,000	2,126,000		2,192,900	2,192,900	
Regular Total Funds	5,948,600	5,948,600		5,430,400	5,430,400		5,601,100	5,601,100	
Use of Continuing									
TOTAL BASE LEVEL	5,948,600	5,948,600		5,430,400	5,430,400		5,601,100	5,601,100	

OMBUDSMAN

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

H - Health and Family Services Cabinet**Operating Budget****Disability Determination Services**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
Restricted Funds	65,800	65,800		65,800	65,800		65,800	65,800	
Federal Funds	46,533,000	46,533,000		50,432,900	50,432,900		51,465,200	51,465,200	
Regular Total Funds	46,598,800	46,598,800		50,498,700	50,498,700		51,531,000	51,531,000	
Use of Continuing									
TOTAL FUNDS	46,598,800	46,598,800		50,498,700	50,498,700		51,531,000	51,531,000	
II. EXPENDITURE CATEGORY									
Personnel Costs	25,782,200	25,782,200		29,965,600	29,965,600		31,004,000	31,004,000	
Operating Expenses	3,516,600	3,516,600		3,516,600	3,516,600		3,516,600	3,516,600	
Grants, Loans, Benefits	17,300,000	17,300,000		17,016,500	17,016,500		17,010,400	17,010,400	
TOTAL EXPENDITURES	46,598,800	46,598,800		50,498,700	50,498,700		51,531,000	51,531,000	
III. BASE LEVEL BUDGET BY FUND SOURCE									
Restricted Funds	65,800	65,800		65,800	65,800		65,800	65,800	
Federal Funds	46,533,000	46,533,000		46,932,900	46,932,900		47,665,200	47,665,200	
Regular Total Funds	46,598,800	46,598,800		46,998,700	46,998,700		47,731,000	47,731,000	
Use of Continuing									
TOTAL BASE LEVEL	46,598,800	46,598,800		46,998,700	46,998,700		47,731,000	47,731,000	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
Federal Funds				3,500,000	3,500,000		3,800,000	3,800,000	
TOTAL ADDITIONAL				3,500,000	3,500,000		3,800,000	3,800,000	
V. ADDITIONAL BUDGET ITEMS									
1 GB Vacant positions-DDS									
ABR726D0001 Provides funds to support 90 full-time vacant positions.									
Federal Funds				3,500,000	3,500,000		3,800,000	3,800,000	
Project Total				3,500,000	3,500,000		3,800,000	3,800,000	
TOTAL ADDITIONAL				3,500,000	3,500,000		3,800,000	3,800,000	

DISABILITY DETERMINATION SERVICES

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

H - Health and Family Services Cabinet**Capital Budget****Disability Determination Services**

Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference

II. CAPITAL PROJECTS**1 Franklin County - Lease**

PRJ726D5000

General Fund

Project Total**TOTAL CAPITAL**

THIS PAGE INTENTIONALLY LEFT BLANK

H - Health and Family Services Cabinet**Operating Budget****Community Based Services**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	8,470,400	8,470,400		8,970,400	8,970,400		9,220,400	9,220,400	
General Fund	346,147,200	346,147,200		327,246,100	346,147,200	18,901,100	330,622,900	350,145,700	19,522,800
Restricted Funds	137,207,200	137,207,200		138,627,500	141,311,600	2,684,100	140,814,600	143,498,700	2,684,100
Federal Funds	528,851,600	528,851,600		532,476,000	533,312,100	836,100	536,048,200	536,884,300	836,100
Regular Total Funds	1,020,676,400	1,020,676,400		1,007,320,000	1,029,741,300	22,421,300	1,016,706,100	1,039,749,100	23,043,000
Use of Continuing	1,200,400	1,200,400							
TOTAL FUNDS	1,021,876,800	1,021,876,800		1,007,320,000	1,029,741,300	22,421,300	1,016,706,100	1,039,749,100	23,043,000

II. EXPENDITURE CATEGORY

Personnel Costs	260,343,200	260,343,200		267,049,700	267,049,700		275,297,500	275,297,500	
Operating Expenses	42,292,700	42,292,700		40,921,000	40,921,000		40,921,700	40,921,700	
Grants, Loans, Benefits	718,855,900	718,855,900		699,349,300	721,770,600	22,421,300	700,395,900	723,438,900	23,043,000
Debt Service	385,000	385,000					91,000	91,000	
TOTAL EXPENDITURES	1,021,876,800	1,021,876,800		1,007,320,000	1,029,741,300	22,421,300	1,016,706,100	1,039,749,100	23,043,000

III. BASE LEVEL BUDGET BY FUND SOURCE

General Fund (Tobacco)	8,470,400	8,470,400		8,970,400	8,970,400		9,220,400	9,220,400	
General Fund	346,147,200	346,147,200		327,246,100	346,147,200	18,901,100	330,531,900	350,054,700	19,522,800
Restricted Funds	137,207,200	137,207,200		138,627,500	141,311,600	2,684,100	140,814,600	143,498,700	2,684,100
Federal Funds	528,851,600	528,851,600		532,476,000	533,312,100	836,100	536,048,200	536,884,300	836,100
Regular Total Funds	1,020,676,400	1,020,676,400		1,007,320,000	1,029,741,300	22,421,300	1,016,615,100	1,039,658,100	23,043,000
Use of Continuing	1,200,400	1,200,400							
TOTAL BASE LEVEL	1,021,876,800	1,021,876,800		1,007,320,000	1,029,741,300	22,421,300	1,016,615,100	1,039,658,100	23,043,000

IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE

General Fund	91,000	91,000	
TOTAL ADDITIONAL	91,000	91,000	

V. ADDITIONAL BUDGET ITEMS**1 NEW Debt Service**

ABR736Z0016 Provide funds to support debt service for a \$2,000,000 bond issue for Brooklawn Child and Family Services.

General Fund	91,000	91,000	
Project Total	91,000	91,000	

TOTAL ADDITIONAL**91,000 91,000**

H - Health and Family Services Cabinet**Operating Budget****Community Based Services**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TRANSFERS TO THE GENERAL FUND									
Community Based Services									
Agency Revenue Fund (KRS 186.040(5))	43,000	43,000							
General Fund (Tobacco)					1,550,000	1,550,000		1,800,000	1,800,000
TOTAL	43,000	43,000			1,550,000	1,550,000		1,800,000	1,800,000

COMMUNITY BASED SERVICES

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from Community Based Services, Restricted Funds of \$43,000 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is \$8,970,400 in fiscal year 2008-2009 and \$9,220,400 in fiscal year 2009-2010 for the Early Childhood Development Program."

"Debt Service: Included in the above General Fund appropriation is \$91,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows relating to a \$2 million bond issue for Brooklawn Child and Family Services:

"Permitted Uses: The above appropriation shall be used to purchase, build, renovate, or make improvements for residential housing of children who are in or have completed the treatment program."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

COMMUNITY BASED SERVICES

The General Assembly provides an additional \$18,901,100 in General Fund support, \$2,684,100 in Restricted Funds and \$836,100 in Federal Funds in fiscal year 2008-2009 and an additional \$19,522,800 in General Fund support, \$2,684,100 in Restricted Funds and \$836,100 in Federal Funds in fiscal year 2009-2010 to restore Branch base reductions and continue fiscal year 2007-2008 Private Child Care provider reimbursement rates.

The General Assembly provides the following Part I, Operating Budget, language provision relating to private child care provider reimbursement rates:

"Private Child Care Reimbursement Rates: Included in the above appropriation is \$3,800,000 in General Fund moneys, \$2,684,100 in Restricted Funds, and \$836,100 in Federal Funds in each fiscal year to continue private child care provider fiscal year 2007-2008 reimbursement rates."

The General Assembly amends Part V, Funds Transfer, to include the transfer of General Fund (Tobacco) totaling \$1,550,000 in fiscal year 2008-2009 and \$1,800,000 in fiscal year 2009-2010.

H - Health and Family Services Cabinet**Capital Budget****Community Based Services**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				2,000,000	2,000,000				
TOTAL CAPITAL				2,000,000	2,000,000				

II. CAPITAL PROJECTS**1 Brooklawn Child and Family Services**

PRJ736Z5012

Bond Funds

2,000,000 2,000,000

Project Total**2,000,000 2,000,000****2 Boone County - Lease**

PRJ736Z5011

General Fund

Project Total**3 Boyd County - Lease**

PRJ736Z5010

General Fund

Project Total**4 Johnson County - Lease**

PRJ736Z5009

General Fund

Project Total**5 Fayette County - Lease - Centre Parkway**

PRJ736Z5008

General Fund

Project Total**6 Shelby County - Lease**

PRJ736Z5007

General Fund

Project Total

H - Health and Family Services Cabinet**Capital Budget****Community Based Services**

		Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
		Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
7	Jefferson County - Lease									
	PRJ736Z5006									
	General Fund									
	Project Total									
8	Fayette County - Lease									
	PRJ736Z5005									
	General Fund									
	Project Total									
9	Kenton County - Lease - Madison Avenue									
	PRJ736Z5004									
	General Fund									
	Project Total									
10	Hardin County - Lease									
	PRJ736Z5003									
	General Fund									
	Project Total									
11	Campbell County - Lease									
	PRJ736Z5002									
	General Fund									
	Project Total									
12	Warren County - Lease									
	PRJ736Z5001									
	General Fund									
	Project Total									
13	Kenton County - Lease									
	PRJ736Z5000									
	General Fund									
	Project Total									
TOTAL CAPITAL					2,000,000	2,000,000				

H - Health and Family Services Cabinet**Operating Budget****Aging and Independent Living**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	32,965,900	32,965,900		29,978,100	32,878,100	2,900,000	30,014,800	32,914,800	2,900,000
Restricted Funds	11,139,600	11,139,600		2,515,600	2,515,600		2,515,600	2,515,600	
Federal Funds	21,016,500	21,016,500		20,337,000	20,337,000		20,375,000	20,375,000	
Regular Total Funds	65,122,000	65,122,000		52,830,700	55,730,700	2,900,000	52,905,400	55,805,400	2,900,000
Use of Continuing									
TOTAL FUNDS	65,122,000	65,122,000		52,830,700	55,730,700	2,900,000	52,905,400	55,805,400	2,900,000
II. EXPENDITURE CATEGORY									
Personnel Costs	2,127,100	2,127,100		1,976,300	1,976,300		2,039,100	2,039,100	
Operating Expenses	219,500	219,500		198,600	198,600		198,600	198,600	
Grants, Loans, Benefits	62,775,400	62,775,400		50,655,800	53,555,800	2,900,000	50,667,700	53,567,700	2,900,000
TOTAL EXPENDITURES	65,122,000	65,122,000		52,830,700	55,730,700	2,900,000	52,905,400	55,805,400	2,900,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	32,965,900	32,965,900		29,978,100	32,878,100	2,900,000	30,014,800	32,914,800	2,900,000
Restricted Funds	11,139,600	11,139,600		2,515,600	2,515,600		2,515,600	2,515,600	
Federal Funds	21,016,500	21,016,500		20,337,000	20,337,000		20,375,000	20,375,000	
Regular Total Funds	65,122,000	65,122,000		52,830,700	55,730,700	2,900,000	52,905,400	55,805,400	2,900,000
Use of Continuing									
TOTAL BASE LEVEL	65,122,000	65,122,000		52,830,700	55,730,700	2,900,000	52,905,400	55,805,400	2,900,000

AGING AND INDEPENDENT LIVING

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly provides an additional \$2,900,000 in General Fund support in each fiscal year to restore the Branch budget reduction and continue current services.

I - Justice and Public Safety Cabinet

THIS PAGE INTENTIONALLY LEFT BLANK

Table of Contents

I - Justice and Public Safety Cabinet

Justice Administration	I - 9
Criminal Justice Training	I - 13
Juvenile Justice	I - 17
State Police	I - 21
Corrections Management	I - 29
Adult Correctional Institutions	I - 33
Community Services and Local Facilities	I - 39
Local Jail Support	I - 45
Vehicle Enforcement	I - 49
Public Advocacy	I - 51

THIS PAGE INTENTIONALLY LEFT BLANK

I - Justice and Public Safety Cabinet

Operating Budget

Summary Totals

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	1,923,400	1,923,400		1,923,400	1,923,400		1,923,400	1,923,400	
General Fund	652,803,400	652,604,400	(199,000)	632,538,700	621,904,700	(10,634,000)	661,765,800	649,377,800	(12,388,000)
Restricted Funds	113,386,900	113,386,900		116,659,000	117,409,000	750,000	119,788,000	120,538,000	750,000
Federal Funds	44,403,900	44,403,900		43,145,500	43,145,500		42,995,100	42,995,100	
Road Fund	63,881,500	63,881,500		63,881,500	73,881,500	10,000,000	63,881,500	73,881,500	10,000,000
Regular Total Funds	876,399,100	876,200,100	(199,000)	858,148,100	858,264,100	116,000	890,353,800	888,715,800	(1,638,000)
Use of Continuing	477,300	477,300							
TOTAL FUNDS	876,876,400	876,677,400	(199,000)	858,148,100	858,264,100	116,000	890,353,800	888,715,800	(1,638,000)
II. EXPENDITURE CATEGORY									
Personnel Costs	489,355,300	489,156,300	(199,000)	492,651,500	487,602,500	(5,049,000)	506,586,700	499,537,700	(7,049,000)
Operating Expenses	104,757,900	104,757,900		100,253,100	101,303,100	1,050,000	99,200,500	101,750,500	2,550,000
Grants, Loans, Benefits	271,598,700	271,598,700		259,251,000	263,366,000	4,115,000	276,612,400	279,227,400	2,615,000
Debt Service	3,373,800	3,373,800		3,376,400	3,376,400		5,402,100	3,648,100	(1,754,000)
Capital Outlay	7,490,700	7,490,700		2,616,100	2,616,100		2,552,100	4,552,100	2,000,000
Construction	300,000	300,000							
TOTAL EXPENDITURES	876,876,400	876,677,400	(199,000)	858,148,100	858,264,100	116,000	890,353,800	888,715,800	(1,638,000)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	1,923,400	1,923,400		1,923,400	1,923,400		1,923,400	1,923,400	
General Fund	623,909,700	623,909,700		591,814,700	568,279,700	(23,535,000)	597,002,500	566,467,500	(30,535,000)
Restricted Funds	108,917,200	108,917,200		112,727,100	112,727,100		114,007,100	114,007,100	
Federal Funds	43,590,700	43,590,700		43,024,400	43,024,400		42,868,500	42,868,500	
Road Fund	63,881,500	63,881,500		63,881,500	73,881,500	10,000,000	63,881,500	73,881,500	10,000,000
Regular Total Funds	842,222,500	842,222,500		813,371,100	799,836,100	(13,535,000)	819,683,000	799,148,000	(20,535,000)
Use of Continuing	477,300	477,300							
TOTAL BASE LEVEL	842,699,800	842,699,800		813,371,100	799,836,100	(13,535,000)	819,683,000	799,148,000	(20,535,000)
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund	28,893,700	28,694,700	(199,000)	40,724,000	53,625,000	12,901,000	64,763,300	82,910,300	18,147,000
Restricted Funds	4,469,700	4,469,700		3,931,900	4,681,900	750,000	5,780,900	6,530,900	750,000
Federal Funds	813,200	813,200		121,100	121,100		126,600	126,600	
TOTAL ADDITIONAL	34,176,600	33,977,600	(199,000)	44,777,000	58,428,000	13,651,000	70,670,800	89,567,800	18,897,000

I - Justice and Public Safety Cabinet**Capital Budget****Summary Totals**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				43,799,000	4,000,000	(39,799,000)			
Investment Income				750,000	550,000	(200,000)	2,750,000	2,050,000	(700,000)
TOTAL CAPITAL				44,549,000	4,550,000	(39,999,000)	2,750,000	2,050,000	(700,000)

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

JUSTICE AND PUBLIC SAFETY CABINET OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Justice Administration	30,785,400	30,785,400		28,470,200	28,420,200	(50,000)	28,623,100	28,573,100	(50,000)
Criminal Justice Training	48,686,800	48,686,800		52,471,800	52,471,800		54,488,600	54,488,600	
Juvenile Justice	115,165,100	115,165,100		111,859,400	114,824,400	2,965,000	113,150,200	118,115,200	4,965,000
State Police	160,220,100	160,220,100		150,293,200	154,293,200	4,000,000	153,697,700	159,697,700	6,000,000
Corrections Management	7,471,800	7,471,800		6,604,000	6,604,000		8,778,000	7,024,000	(1,754,000)
Adult Correctional Institutions	285,532,900	285,532,900		285,528,500	277,528,500	(8,000,000)	301,617,600	289,617,600	(12,000,000)
Community Services and Local Facilities	150,902,200	150,902,200		148,441,600	148,941,600	500,000	154,221,800	152,221,800	(2,000,000)
Local Jail Support	15,749,000	15,749,000		14,040,000	15,940,000	1,900,000	14,040,000	15,940,000	1,900,000
Vehicle Enforcement	21,515,500	21,515,500		21,414,100	21,414,100		21,397,300	21,397,300	
Public Advocacy	40,370,300	40,171,300	(199,000)	39,025,300	37,826,300	(1,199,000)	40,339,500	41,640,500	1,301,000
Regular Appropriation	876,399,100	876,200,100	(199,000)	858,148,100	858,264,100	116,000	890,353,800	888,715,800	(1,638,000)

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

JUSTICE AND PUBLIC SAFETY CABINET OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND (TOBACCO)									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Justice Administration	1,923,400	1,923,400		1,923,400	1,923,400		1,923,400	1,923,400	
Regular Appropriation	1,923,400	1,923,400		1,923,400	1,923,400		1,923,400	1,923,400	

GENERAL FUND (TOBACCO)

CONTINUED RESERVE SPENDING SUMMARY BY APPROPRIATION UNIT

Justice Administration	271,700	271,700	
Reserve Spending	271,700	271,700	

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

JUSTICE AND PUBLIC SAFETY CABINET OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Justice Administration	13,902,500	13,902,500		12,546,800	11,746,800	(800,000)	12,684,200	11,884,200	(800,000)
Juvenile Justice	86,941,200	86,941,200		82,283,600	85,248,600	2,965,000	82,503,800	87,468,800	4,965,000
State Police	83,585,300	83,585,300		74,591,800	68,591,800	(6,000,000)	77,926,400	73,926,400	(4,000,000)
Corrections Management	7,205,700	7,205,700		6,468,900	6,468,900		8,642,900	6,888,900	(1,754,000)
Adult Correctional Institutions	262,479,100	262,479,100		264,090,700	256,090,700	(8,000,000)	280,179,800	268,179,800	(12,000,000)
Community Services and Local Facilities	148,727,800	148,727,800		145,576,800	146,076,800	500,000	151,410,300	149,410,300	(2,000,000)
Local Jail Support	15,749,000	15,749,000		14,040,000	15,940,000	1,900,000	14,040,000	15,940,000	1,900,000
Vehicle Enforcement	46,600	46,600							
Public Advocacy	34,166,200	33,967,200	(199,000)	32,940,100	31,741,100	(1,199,000)	34,378,400	35,679,400	1,301,000
Regular Appropriation	652,803,400	652,604,400	(199,000)	632,538,700	621,904,700	(10,634,000)	661,765,800	649,377,800	(12,388,000)

GENERAL FUND

CONTINUED RESERVE SPENDING SUMMARY BY APPROPRIATION UNIT

Local Jail Support	205,600	205,600	
Reserve Spending	205,600	205,600	

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

JUSTICE AND PUBLIC SAFETY CABINET OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
RESTRICTED FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Justice Administration	5,816,800	5,816,800		5,000,800	5,750,800	750,000	5,007,000	5,757,000	750,000
Criminal Justice Training	46,744,800	46,744,800		50,514,400	50,514,400		52,525,700	52,525,700	
Juvenile Justice	13,958,300	13,958,300		15,879,700	15,879,700		16,948,100	16,948,100	
State Police	17,978,100	17,978,100		17,031,600	17,031,600		17,079,900	17,079,900	
Corrections Management	128,800	128,800		135,100	135,100		135,100	135,100	
Adult Correctional Institutions	21,150,100	21,150,100		19,534,100	19,534,100		19,534,100	19,534,100	
Community Services and Local Facilities	1,869,000	1,869,000		2,799,800	2,799,800		2,796,500	2,796,500	
Vehicle Enforcement	1,250,000	1,250,000		1,461,600	1,461,600		1,461,600	1,461,600	
Public Advocacy	4,491,000	4,491,000		4,301,900	4,301,900		4,300,000	4,300,000	
Regular Appropriation	113,386,900	113,386,900		116,659,000	117,409,000	750,000	119,788,000	120,538,000	750,000

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

JUSTICE AND PUBLIC SAFETY CABINET OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
FEDERAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Justice Administration	9,142,700	9,142,700		8,999,200	8,999,200		9,008,500	9,008,500	
Criminal Justice Training	1,942,000	1,942,000		1,957,400	1,957,400		1,962,900	1,962,900	
Juvenile Justice	14,265,600	14,265,600		13,696,100	13,696,100		13,698,300	13,698,300	
State Police	8,656,700	8,656,700		8,669,800	8,669,800		8,691,400	8,691,400	
Corrections Management	137,300	137,300							
Adult Correctional Institutions	1,903,700	1,903,700		1,903,700	1,903,700		1,903,700	1,903,700	
Community Services and Local Facilities	305,400	305,400		65,000	65,000		15,000	15,000	
Vehicle Enforcement	6,337,400	6,337,400		6,071,000	6,071,000		6,054,200	6,054,200	
Public Advocacy	1,713,100	1,713,100		1,783,300	1,783,300		1,661,100	1,661,100	
Regular Appropriation	44,403,900	44,403,900		43,145,500	43,145,500		42,995,100	42,995,100	

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

JUSTICE AND PUBLIC SAFETY CABINET OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
ROAD FUND									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
State Police	50,000,000	50,000,000		50,000,000	60,000,000	10,000,000	50,000,000	60,000,000	10,000,000
Vehicle Enforcement	13,881,500	13,881,500		13,881,500	13,881,500		13,881,500	13,881,500	
Regular Appropriation	63,881,500	63,881,500		63,881,500	73,881,500	10,000,000	63,881,500	73,881,500	10,000,000

I - Justice and Public Safety Cabinet**Operating Budget****Justice Administration**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	1,923,400	1,923,400		1,923,400	1,923,400		1,923,400	1,923,400	
General Fund	13,902,500	13,902,500		12,546,800	11,746,800	(800,000)	12,684,200	11,884,200	(800,000)
Restricted Funds	5,816,800	5,816,800		5,000,800	5,750,800	750,000	5,007,000	5,757,000	750,000
Federal Funds	9,142,700	9,142,700		8,999,200	8,999,200		9,008,500	9,008,500	
Regular Total Funds	30,785,400	30,785,400		28,470,200	28,420,200	(50,000)	28,623,100	28,573,100	(50,000)
Use of Continuing	271,700	271,700							
TOTAL FUNDS	31,057,100	31,057,100		28,470,200	28,420,200	(50,000)	28,623,100	28,573,100	(50,000)
II. EXPENDITURE CATEGORY									
Personnel Costs	16,267,600	16,267,600		14,769,100	14,919,100	150,000	14,926,700	15,076,700	150,000
Operating Expenses	2,508,700	2,508,700		1,683,200	1,733,200	50,000	1,683,500	1,733,500	50,000
Grants, Loans, Benefits	12,249,600	12,249,600		11,866,800	11,616,800	(250,000)	11,866,800	11,616,800	(250,000)
Capital Outlay	31,200	31,200		151,100	151,100		146,100	146,100	
TOTAL EXPENDITURES	31,057,100	31,057,100		28,470,200	28,420,200	(50,000)	28,623,100	28,573,100	(50,000)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	1,923,400	1,923,400		1,923,400	1,923,400		1,923,400	1,923,400	
General Fund	13,902,500	13,902,500		12,546,800	11,046,800	(1,500,000)	12,684,200	11,184,200	(1,500,000)
Restricted Funds	5,816,800	5,816,800		5,000,800	5,000,800		5,007,000	5,007,000	
Federal Funds	9,142,700	9,142,700		8,999,200	8,999,200		9,008,500	9,008,500	
Regular Total Funds	30,785,400	30,785,400		28,470,200	26,970,200	(1,500,000)	28,623,100	27,123,100	(1,500,000)
Use of Continuing	271,700	271,700							
TOTAL BASE LEVEL	31,057,100	31,057,100		28,470,200	26,970,200	(1,500,000)	28,623,100	27,123,100	(1,500,000)
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund					700,000	700,000		700,000	700,000
Restricted Funds					750,000	750,000		750,000	750,000
TOTAL ADDITIONAL					1,450,000	1,450,000		1,450,000	1,450,000
V. ADDITIONAL BUDGET ITEMS									
1 GB Operation Unite Growth									
ABR500A0007 Provides Coal Severance funds for Operation Unite growth.									
Restricted Funds					750,000	750,000		750,000	750,000
Project Total					750,000	750,000		750,000	750,000

I - Justice and Public Safety Cabinet**Operating Budget****Justice Administration**

Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
2 EXPAN Parole Board								
ABR500A0008 Provides funds to add two full-time members and the necessary support staff.								
General Fund				200,000	200,000		200,000	200,000
Project Total				200,000	200,000		200,000	200,000
3 CONT Civil Legal Services for Indigents								
ABR500A0009 Provides funds for civil legal services for indigents.								
General Fund				500,000	500,000		500,000	500,000
Project Total				500,000	500,000		500,000	500,000
TOTAL ADDITIONAL				1,450,000	1,450,000		1,450,000	1,450,000

JUSTICE ADMINISTRATION

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Office of Drug Control Policy: Included in the above Restricted Funds appropriation is \$1,800,000 in fiscal year 2008-2009 and \$1,800,000 in fiscal year 2009-2010 for regional Drug Courts in Kentucky's coal-producing counties."

"Operation Unite: Included in the above Restricted Funds appropriation is \$1,250,000 in each fiscal year for Operation Unite."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly increases Restricted Funds support totaling \$750,000 in each fiscal year for Operation Unite.

The General Assembly provides General Fund support totaling \$500,000 in each fiscal year for civil legal services for indigents.

The General Assembly provides General Fund support totaling \$200,000 in each fiscal year for two additional Parole Board members.

The General Assembly amends Part I, Operating Budget, to include the following language provisions:

"Operation Unite: Included in the above Restricted Funds appropriation is \$2,000,000 in each fiscal year for Operation Unite."

JUSTICE ADMINISTRATION

"Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is \$1,923,400 in fiscal year 2008-2009 and \$1,923,400 in fiscal year 2009-2010 for the Office of Drug Control Policy."

"Parole Board Members: To efficiently utilize the parole process for nonviolent offenders, included in the above General Fund appropriation is \$200,000 in each fiscal year to add two full-time members and the necessary support staff to the Parole Board."

"Parole Board Membership: Notwithstanding KRS 439.320(1), the Governor shall appoint two additional full-time members to the Parole Board within 30 days of the effective date of this Act. The two full-time members shall be confirmed by the Senate in accordance with KRS 11.160."

"Review of Cases: Notwithstanding 501 KAR 1:30 Section 3(1)(a), a nonviolent offender convicted of a Class D felony with an aggregate sentence of one to five years confined to a state penal institution or county jail shall have his or her case reviewed by the Parole Board after serving 15 percent or two months of the original sentence, whichever is longer."

"Civil Legal Services for Indigents: Included in the above General Fund appropriation is \$500,000 in fiscal year 2008-2009 and \$500,000 in fiscal year 2009-2010 to provide free legal services for indigents."

I - Justice and Public Safety Cabinet**Operating Budget****Criminal Justice Training**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
Restricted Funds	46,744,800	46,744,800		50,514,400	50,514,400		52,525,700	52,525,700	
Federal Funds	1,942,000	1,942,000		1,957,400	1,957,400		1,962,900	1,962,900	
Regular Total Funds	48,686,800	48,686,800		52,471,800	52,471,800		54,488,600	54,488,600	
Use of Continuing									
TOTAL FUNDS	48,686,800	48,686,800		52,471,800	52,471,800		54,488,600	54,488,600	
II. EXPENDITURE CATEGORY									
Personnel Costs	16,969,600	16,969,600		17,536,700	17,536,700		17,785,700	17,785,700	
Operating Expenses	2,668,300	2,668,300		2,649,800	2,649,800		2,649,800	2,649,800	
Grants, Loans, Benefits	25,135,800	25,135,800		28,919,600	28,919,600		30,685,700	30,685,700	
Debt Service	3,333,100	3,333,100		3,335,700	3,335,700		3,337,400	3,337,400	
Capital Outlay	280,000	280,000		30,000	30,000		30,000	30,000	
Construction	300,000	300,000							
TOTAL EXPENDITURES	48,686,800	48,686,800		52,471,800	52,471,800		54,488,600	54,488,600	
III. BASE LEVEL BUDGET BY FUND SOURCE									
Restricted Funds	46,744,800	46,744,800		46,744,800	46,744,800		46,744,800	46,744,800	
Federal Funds	1,886,300	1,886,300		1,886,300	1,886,300		1,886,300	1,886,300	
Regular Total Funds	48,631,100	48,631,100		48,631,100	48,631,100		48,631,100	48,631,100	
Use of Continuing									
TOTAL BASE LEVEL	48,631,100	48,631,100		48,631,100	48,631,100		48,631,100	48,631,100	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
Restricted Funds				3,769,600	3,769,600		5,780,900	5,780,900	
Federal Funds	55,700	55,700		71,100	71,100		76,600	76,600	
TOTAL ADDITIONAL	55,700	55,700		3,840,700	3,840,700		5,857,500	5,857,500	
V. ADDITIONAL BUDGET ITEMS									
1	GB	525B - Additional Filled Position							
ABR525E0002 Provides funds for one new position, a program coordinator.									
Federal Funds	55,700	55,700		71,100	71,100		76,600	76,600	
Project Total	55,700	55,700		71,100	71,100		76,600	76,600	
2	GB	Stipend Payments							
ABR525E0006 Provides funds for required increased cost in KLEPFF stipends to police officers.									
Restricted Funds				3,769,600	3,769,600		5,780,900	5,780,900	
Project Total				3,769,600	3,769,600		5,780,900	5,780,900	

I - Justice and Public Safety Cabinet**Operating Budget****Criminal Justice Training**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL ADDITIONAL	55,700	55,700		3,840,700	3,840,700		5,857,500	5,857,500	

CRIMINAL JUSTICE TRAINING

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Kentucky Law Enforcement Foundation Program Fund: Included in the above Restricted Funds appropriation is \$49,436,400 in fiscal year 2008-2009 and \$51,440,100 in fiscal year 2009-2010 for the Kentucky Law Enforcement Foundation Program Fund."

"Training Incentive Payments: Notwithstanding KRS 15.460(1), included in the above Restricted Funds appropriation is \$3,100 in fiscal year 2008-2009 and \$3,100 in fiscal year 2009-2010 for each participant for training incentive payments."

"Training Incentive Stipends - Justice and Public Safety Cabinet Personnel: Notwithstanding KRS 15.410, 15.420(2), 15.440(1), 15.460(1), and 15.470(2) and (4), included in the above Restricted Funds appropriation is sufficient funding for a \$3,100 annual training incentive stipend for Kentucky state troopers, Kentucky State Police arson investigators, Kentucky State Police hazardous devices investigators, Kentucky State Police legislative security specialists, and Kentucky vehicle enforcement officers."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

THIS PAGE INTENTIONALLY LEFT BLANK

I - Justice and Public Safety Cabinet**Operating Budget****Juvenile Justice**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	86,941,200	86,941,200		82,283,600	85,248,600	2,965,000	82,503,800	87,468,800	4,965,000
Restricted Funds	13,958,300	13,958,300		15,879,700	15,879,700		16,948,100	16,948,100	
Federal Funds	14,265,600	14,265,600		13,696,100	13,696,100		13,698,300	13,698,300	
Regular Total Funds	115,165,100	115,165,100		111,859,400	114,824,400	2,965,000	113,150,200	118,115,200	4,965,000
Use of Continuing									
TOTAL FUNDS	115,165,100	115,165,100		111,859,400	114,824,400	2,965,000	113,150,200	118,115,200	4,965,000
II. EXPENDITURE CATEGORY									
Personnel Costs	76,240,300	76,240,300		79,995,300	79,995,300		81,368,300	81,368,300	
Operating Expenses	12,778,900	12,778,900		10,932,800	11,932,800	1,000,000	10,802,600	12,802,600	2,000,000
Grants, Loans, Benefits	26,145,900	26,145,900		20,931,300	22,896,300	1,965,000	20,979,300	23,944,300	2,965,000
TOTAL EXPENDITURES	115,165,100	115,165,100		111,859,400	114,824,400	2,965,000	113,150,200	118,115,200	4,965,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	86,941,200	86,941,200		82,283,600	82,248,600	(35,000)	82,503,800	82,468,800	(35,000)
Restricted Funds	13,958,300	13,958,300		15,879,700	15,879,700		16,948,100	16,948,100	
Federal Funds	14,265,600	14,265,600		13,696,100	13,696,100		13,698,300	13,698,300	
Regular Total Funds	115,165,100	115,165,100		111,859,400	111,824,400	(35,000)	113,150,200	113,115,200	(35,000)
Use of Continuing									
TOTAL BASE LEVEL	115,165,100	115,165,100		111,859,400	111,824,400	(35,000)	113,150,200	113,115,200	(35,000)
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund					3,000,000	3,000,000		5,000,000	5,000,000
TOTAL ADDITIONAL					3,000,000	3,000,000		5,000,000	5,000,000
V. ADDITIONAL BUDGET ITEMS									
1 GB Restore Base Funding									
ABR523J0010 Restores base funding for FY 2009 and FY 2010 for continuation of current services.									
General Fund					3,000,000	3,000,000		5,000,000	5,000,000
Project Total					3,000,000	3,000,000		5,000,000	5,000,000
TOTAL ADDITIONAL					3,000,000	3,000,000		5,000,000	5,000,000

JUVENILE JUSTICE

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly increases General Fund support totaling \$2,965,000 in fiscal year 2008-2009 and \$4,965,000 in fiscal year 2009-2010 to continue current programs.

The General Assembly amends Part I, Operating Budget, to include the following language provision:

"Mary Kendall Homes and Gateway Juvenile Diversion: Included in the above General Fund appropriation is \$300,000 in each fiscal year of the biennium for the support of the Mary Kendall Homes and \$300,000 in each fiscal year of the biennium for the support of Gateway Juvenile Diversion."

The General Assembly amends Part II, Capital Budget, to include \$250,000 in fiscal year 2008-2009 and \$250,000 in fiscal year 2009-2010 in Investment Income for Maintenance Pool - 2008-2010.

I - Justice and Public Safety Cabinet**Capital Budget****Juvenile Justice**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Investment Income				450,000	250,000	(200,000)	450,000	250,000	(200,000)
TOTAL CAPITAL				450,000	250,000	(200,000)	450,000	250,000	(200,000)
II. CAPITAL PROJECTS									
1	Maintenance Pool - 2008-2010								
PRJ523J1642									
Investment Income				450,000	250,000	(200,000)	450,000	250,000	(200,000)
Project Total				450,000	250,000	(200,000)	450,000	250,000	(200,000)
TOTAL CAPITAL				450,000	250,000	(200,000)	450,000	250,000	(200,000)

THIS PAGE INTENTIONALLY LEFT BLANK

I - Justice and Public Safety Cabinet**Operating Budget****State Police**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	83,585,300	83,585,300		74,591,800	68,591,800	(6,000,000)	77,926,400	73,926,400	(4,000,000)
Restricted Funds	17,978,100	17,978,100		17,031,600	17,031,600		17,079,900	17,079,900	
Federal Funds	8,656,700	8,656,700		8,669,800	8,669,800		8,691,400	8,691,400	
Road Fund	50,000,000	50,000,000		50,000,000	60,000,000	10,000,000	50,000,000	60,000,000	10,000,000
Regular Total Funds	160,220,100	160,220,100		150,293,200	154,293,200	4,000,000	153,697,700	159,697,700	6,000,000
Use of Continuing									
TOTAL FUNDS	160,220,100	160,220,100		150,293,200	154,293,200	4,000,000	153,697,700	159,697,700	6,000,000
II. EXPENDITURE CATEGORY									
Personnel Costs	122,463,400	122,463,400		118,993,400	122,993,400	4,000,000	123,107,600	127,107,600	4,000,000
Operating Expenses	31,222,800	31,222,800		29,169,900	29,169,900		28,480,200	28,480,200	
Grants, Loans, Benefits	462,900	462,900		462,900	462,900		462,900	462,900	
Capital Outlay	6,071,000	6,071,000		1,667,000	1,667,000		1,647,000	3,647,000	2,000,000
TOTAL EXPENDITURES	160,220,100	160,220,100		150,293,200	154,293,200	4,000,000	153,697,700	159,697,700	6,000,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	81,001,900	81,001,900		72,831,800	62,831,800	(10,000,000)	75,990,400	65,990,400	(10,000,000)
Restricted Funds	13,543,600	13,543,600		17,031,600	17,031,600		17,079,900	17,079,900	
Federal Funds	7,944,700	7,944,700		8,669,800	8,669,800		8,691,400	8,691,400	
Road Fund	50,000,000	50,000,000		50,000,000	60,000,000	10,000,000	50,000,000	60,000,000	10,000,000
Regular Total Funds	152,490,200	152,490,200		148,533,200	148,533,200		151,761,700	151,761,700	
Use of Continuing									
TOTAL BASE LEVEL	152,490,200	152,490,200		148,533,200	148,533,200		151,761,700	151,761,700	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund	2,583,400	2,583,400		1,760,000	5,760,000	4,000,000	1,936,000	7,936,000	6,000,000
Restricted Funds	4,434,500	4,434,500							
Federal Funds	712,000	712,000							
TOTAL ADDITIONAL	7,729,900	7,729,900		1,760,000	5,760,000	4,000,000	1,936,000	7,936,000	6,000,000
V. ADDITIONAL BUDGET ITEMS									
1 GB Operations - Growth									
ABR520D0020 Provides funds for the increase in fuel costs.									
General Fund	2,583,400	2,583,400		1,760,000	1,760,000		1,936,000	1,936,000	
Restricted Funds	1,556,300	1,556,300							
Project Total	4,139,700	4,139,700		1,760,000	1,760,000		1,936,000	1,936,000	

I - Justice and Public Safety Cabinet**Operating Budget****State Police**

			Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
			Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
2	GB	Federal Grant									
ABR520D0022 Provides federal funds for a current year grant opportunity.											
Federal Funds			712,000	712,000							
Project Total			712,000	712,000							
3	GB	Fiscal Year 2006-2007 Costs									
ABR520D0023 Provides funds to cover costs incurred in FY 2007 and carried forward to FY 2008.											
Restricted Funds			2,878,200	2,878,200							
Project Total			2,878,200	2,878,200							
4	GB	Restore Base Funding									
ABR520D0024 Restores base funding for FY 2009 and FY 2010 for continuation of current services.											
General Fund						4,000,000	4,000,000			6,000,000	6,000,000
Project Total						4,000,000	4,000,000			6,000,000	6,000,000
TOTAL ADDITIONAL			7,729,900	7,729,900		1,760,000	5,760,000	4,000,000	1,936,000	7,936,000	6,000,000

STATE POLICE

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Call to Extraordinary Duty: There is appropriated from the General Fund to the Department of Kentucky State Police, subject to the conditions and procedures provided in this Act, funds which are required as a result of the Governor's call of the Kentucky State Police to extraordinary duty when an emergency situation has been declared to exist by the Governor. Funding is authorized to be provided from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705)."

"State Police Personnel Training Incentive: Included in the above Restricted Funds appropriation is sufficient funding for a \$3,100 annual training incentive stipend for state troopers, arson investigators, hazardous devices investigators, and legislative security specialists."

"Restricted Funds Uses: Notwithstanding KRS 42.320(2)(h), 160.151(1)(c), 189A.050(3)(a), and 237.110(15), funds are included in the above Restricted Funds appropriation to maintain the operations and administration of the Kentucky State Police."

"Dispatcher Training Incentive: Included in the above General Fund appropriation is sufficient funding for a \$3,100 annual training incentive stipend for dispatchers."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

STATE POLICE

The General Assembly increases the General Fund support totaling \$4,000,000 in fiscal year 2008-2009 and \$6,000,000 in fiscal year 2009-2010 to continue current programs.

The General Assembly replaces General Fund support totaling \$10,000,000 in each fiscal year with Road Fund support totaling \$10,000,000 in each fiscal year.

I - Justice and Public Safety Cabinet**Capital Budget****State Police**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Investment Income				300,000	300,000		300,000	300,000	
TOTAL CAPITAL				300,000	300,000		300,000	300,000	
II. CAPITAL PROJECTS									
1	Maintenance Pool - 2008-2010								
PRJ520D1632									
Investment Income				300,000	300,000		300,000	300,000	
Project Total				300,000	300,000		300,000	300,000	
TOTAL CAPITAL				300,000	300,000		300,000	300,000	

THIS PAGE INTENTIONALLY LEFT BLANK

I - Justice and Public Safety Cabinet

Operating Budget

Corrections Summary

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	434,161,600	434,161,600		430,176,400	424,576,400	(5,600,000)	454,273,000	440,419,000	(13,854,000)
Restricted Funds	23,147,900	23,147,900		22,469,000	22,469,000		22,465,700	22,465,700	
Federal Funds	2,346,400	2,346,400		1,968,700	1,968,700		1,918,700	1,918,700	
Regular Total Funds	459,655,900	459,655,900		454,614,100	449,014,100	(5,600,000)	478,657,400	464,803,400	(13,854,000)
Use of Continuing	205,600	205,600							
TOTAL FUNDS	459,861,500	459,861,500		454,614,100	449,014,100	(5,600,000)	478,657,400	464,803,400	(13,854,000)

II. EXPENDITURE CATEGORY

Personnel Costs	212,902,600	212,902,600		218,706,300	210,706,300	(8,000,000)	225,027,700	213,027,700	(12,000,000)
Operating Expenses	45,842,500	45,842,500		45,760,300	45,760,300		45,949,900	45,949,900	
Grants, Loans, Benefits	200,868,100	200,868,100		189,906,200	192,306,200	2,400,000	205,453,500	205,353,500	(100,000)
Debt Service	40,700	40,700		40,700	40,700		2,064,700	310,700	(1,754,000)
Capital Outlay	207,600	207,600		200,600	200,600		161,600	161,600	
TOTAL EXPENDITURES	459,861,500	459,861,500		454,614,100	449,014,100	(5,600,000)	478,657,400	464,803,400	(13,854,000)

III. BASE LEVEL BUDGET BY FUND SOURCE

General Fund	409,851,300	409,851,300		393,012,400	381,012,400	(12,000,000)	393,245,700	374,245,700	(19,000,000)
Restricted Funds	23,147,900	23,147,900		22,306,700	22,306,700		22,465,700	22,465,700	
Federal Funds	2,300,900	2,300,900		1,918,700	1,918,700		1,868,700	1,868,700	
Regular Total Funds	435,300,100	435,300,100		417,237,800	405,237,800	(12,000,000)	417,580,100	398,580,100	(19,000,000)
Use of Continuing	205,600	205,600							
TOTAL BASE LEVEL	435,505,700	435,505,700		417,237,800	405,237,800	(12,000,000)	417,580,100	398,580,100	(19,000,000)

IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE

General Fund	24,310,300	24,310,300		37,164,000	43,564,000	6,400,000	61,027,300	66,173,300	5,146,000
Restricted Funds				162,300	162,300				
Federal Funds	45,500	45,500		50,000	50,000		50,000	50,000	
TOTAL ADDITIONAL	24,355,800	24,355,800		37,376,300	43,776,300	6,400,000	61,077,300	66,223,300	5,146,000

I - Justice and Public Safety Cabinet

Capital Budget

Corrections Summary

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				43,799,000	4,000,000	(39,799,000)			
Investment Income							2,000,000	1,500,000	(500,000)
TOTAL CAPITAL				43,799,000	4,000,000	(39,799,000)	2,000,000	1,500,000	(500,000)

I - Justice and Public Safety Cabinet**Operating Budget****Corrections Management**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	7,205,700	7,205,700		6,468,900	6,468,900		8,642,900	6,888,900	(1,754,000)
Restricted Funds	128,800	128,800		135,100	135,100		135,100	135,100	
Federal Funds	137,300	137,300							
Regular Total Funds	7,471,800	7,471,800		6,604,000	6,604,000		8,778,000	7,024,000	(1,754,000)
Use of Continuing									
TOTAL FUNDS	7,471,800	7,471,800		6,604,000	6,604,000		8,778,000	7,024,000	(1,754,000)
II. EXPENDITURE CATEGORY									
Personnel Costs	5,878,500	5,878,500		5,207,200	5,207,200		5,368,900	5,368,900	
Operating Expenses	1,593,300	1,593,300		1,396,800	1,396,800		1,385,100	1,385,100	
Debt Service							2,024,000	270,000	(1,754,000)
TOTAL EXPENDITURES	7,471,800	7,471,800		6,604,000	6,604,000		8,778,000	7,024,000	(1,754,000)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	7,205,700	7,205,700		6,468,900	6,468,900		6,618,900	6,618,900	
Restricted Funds	128,800	128,800		135,100	135,100		135,100	135,100	
Federal Funds	137,300	137,300							
Regular Total Funds	7,471,800	7,471,800		6,604,000	6,604,000		6,754,000	6,754,000	
Use of Continuing									
TOTAL BASE LEVEL	7,471,800	7,471,800		6,604,000	6,604,000		6,754,000	6,754,000	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund							2,024,000	270,000	(1,754,000)
TOTAL ADDITIONAL							2,024,000	270,000	(1,754,000)
V. ADDITIONAL BUDGET ITEMS									
1 EXPAN Debt Service									
ABR527A0011 Provides funds for maintenance pool bonds.									
General Fund							2,024,000	270,000	(1,754,000)
Project Total							2,024,000	270,000	(1,754,000)
TOTAL ADDITIONAL							2,024,000	270,000	(1,754,000)

CORRECTIONS MANAGEMENT

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Debt Service: Included in the above General Fund appropriation is \$2,024,000 in fiscal year 2009-2010 for new debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

"Appropriations Adjustments: The General Assembly has determined that the Department of Corrections shall be permitted to adjust appropriations between the Community Services and Local Facilities budget unit and the Adult Correctional Institutions budget unit in fiscal year 2008-2009 and in fiscal year 2009-2010. Only adjustments necessary to manage the diverse mix of inmate classifications, custody levels, probation and parole caseloads, and population increases or decreases shall be permitted. Any appropriations transferred or otherwise directed between these appropriation units shall be documented and justified in writing. No adjustments may be made except upon the prior written concurrence of the State Budget Director. The State Budget Director shall report the adjustments and the necessity of the adjustments to the Interim Joint Committee on Appropriations and Revenue."

"Jailer Mental Health Screening: The Kentucky Commission on Services and Supports for Individuals with Mental Illness, Alcohol and Other Drug Abuse Disorders, and Dual Diagnoses shall, in its annual review of the Commission plan, include in its duties recommendations for improvements in identifying, treating, housing, and transporting prisoners in jails and juveniles in detention centers with mental illness. Items to be reviewed shall include but not be limited to recommendations for statutory and regulatory changes, training and treatment funding, cost sharing, housing and transportation costs, appropriate treatment sites, and training requirements for local jailers and other officers of the court who may come in contact with persons incarcerated or in detention but

CORRECTIONS MANAGEMENT

deemed mentally ill. The training shall continue to be delivered by Regional Mental Health/Mental Retardation Board staff to new jailers and new jail staff, except administrative support, on screening and responding to the needs of inmates with mental illness within six months of employment. Treatment services may also be provided for within this funding allocation."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly amends Part II, Capital Budget, and deletes the Franklin County Lease.

The General Assembly modifies Part I, Operating Budget, language provision as follows:

"Debt Service: Included in the above General Fund appropriation is \$270,000 in fiscal year 2009-2010 for debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

THIS PAGE INTENTIONALLY LEFT BLANK

I - Justice and Public Safety Cabinet**Operating Budget****Adult Correctional Institutions**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	262,479,100	262,479,100		264,090,700	256,090,700	(8,000,000)	280,179,800	268,179,800	(12,000,000)
Restricted Funds	21,150,100	21,150,100		19,534,100	19,534,100		19,534,100	19,534,100	
Federal Funds	1,903,700	1,903,700		1,903,700	1,903,700		1,903,700	1,903,700	
Regular Total Funds	285,532,900	285,532,900		285,528,500	277,528,500	(8,000,000)	301,617,600	289,617,600	(12,000,000)
Use of Continuing									
TOTAL FUNDS	285,532,900	285,532,900		285,528,500	277,528,500	(8,000,000)	301,617,600	289,617,600	(12,000,000)
II. EXPENDITURE CATEGORY									
Personnel Costs	174,308,400	174,308,400		180,014,900	172,014,900	(8,000,000)	185,176,400	173,176,400	(12,000,000)
Operating Expenses	39,922,900	39,922,900		40,014,200	40,014,200		40,265,200	40,265,200	
Grants, Loans, Benefits	71,053,300	71,053,300		65,297,100	65,297,100		75,973,700	75,973,700	
Debt Service	40,700	40,700		40,700	40,700		40,700	40,700	
Capital Outlay	207,600	207,600		161,600	161,600		161,600	161,600	
TOTAL EXPENDITURES	285,532,900	285,532,900		285,528,500	277,528,500	(8,000,000)	301,617,600	289,617,600	(12,000,000)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	243,202,600	243,202,600		242,545,500	234,545,500	(8,000,000)	242,545,500	230,545,500	(12,000,000)
Restricted Funds	21,150,100	21,150,100		19,534,100	19,534,100		19,534,100	19,534,100	
Federal Funds	1,858,200	1,858,200		1,853,700	1,853,700		1,853,700	1,853,700	
Regular Total Funds	266,210,900	266,210,900		263,933,300	255,933,300	(8,000,000)	263,933,300	251,933,300	(12,000,000)
Use of Continuing									
TOTAL BASE LEVEL	266,210,900	266,210,900		263,933,300	255,933,300	(8,000,000)	263,933,300	251,933,300	(12,000,000)
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund	19,276,500	19,276,500		21,545,200	21,545,200		37,634,300	37,634,300	
Federal Funds	45,500	45,500		50,000	50,000		50,000	50,000	
TOTAL ADDITIONAL	19,322,000	19,322,000		21,595,200	21,595,200		37,684,300	37,684,300	

V. ADDITIONAL BUDGET ITEMS**1 GB Adult Institutions Growth**

ABR527C0036 Provides funds for growth in operations of Adult Institutions.

General Fund	3,480,100	3,480,100	8,520,900	8,520,900
Project Total	3,480,100	3,480,100	8,520,900	8,520,900

I - Justice and Public Safety Cabinet**Operating Budget****Adult Correctional Institutions**

			Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
			Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
2	GB	Mental Health Growth									
ABR527C0031 Provides funds for growth in services for growing population.											
General Fund						272,800	272,800		541,400	541,400	
Project Total						272,800	272,800		541,400	541,400	
3	GB	Medical Services Growth									
ABR527C0033 Provides funds for medical services for the projected inmate population increase.											
General Fund						10,035,000	10,035,000		15,073,600	15,073,600	
Project Total						10,035,000	10,035,000		15,073,600	15,073,600	
4	GB	Private Prison Growth									
ABR527C0027 Provides funds for 150 private prison beds in FY 09 and 300 in FY 10.											
General Fund						7,757,300	7,757,300		13,498,400	13,498,400	
Project Total						7,757,300	7,757,300		13,498,400	13,498,400	
5	NEW	COPS Technology Grant									
ABR527C0009 Provides federal funds to improve technology endeavors focused on offender management.											
Federal Funds			45,500	45,500		50,000	50,000		50,000	50,000	
Project Total			45,500	45,500		50,000	50,000		50,000	50,000	
6	GB	Fiscal Year 2006-2007 Costs									
ABR527C0041 Provides funds to cover costs incurred in fiscal year 2006-2007 and carried forward to fiscal year 2007-2008 associated with medical costs, utilities, and increase in inmate population.											
General Fund			19,276,500	19,276,500							
Project Total			19,276,500	19,276,500							
TOTAL ADDITIONAL			19,322,000	19,322,000		21,595,200	21,595,200		37,684,300	37,684,300	

ADULT CORRECTIONAL INSTITUTIONS

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly decreases General Fund support totaling \$8,000,000 in fiscal year 2008-2009 and \$12,000,000 in fiscal year 2009-2010 for Adult Correctional Institutions.

The General Assembly amends Part I, Operating Budget, to include the following language provisions:

"Time Credit for Program Completion: Notwithstanding KRS 197.045(1), the Department of Corrections shall provide an educational good time credit of 90 days to any prisoner who successfully receives a graduate equivalency diploma or a high school diploma, a two or four year certification in applied sciences, or a technical education diploma as provided and defined by the department, or completes a drug treatment program or other treatment program as defined by the department that requires participation in the program of six months or more."

"Meritorious Credit: Notwithstanding KRS 197.045(3), an inmate may, at the discretion of the Commissioner of the Department of Corrections, be allowed a deduction from a sentence not to exceed seven days per month served for meritorious behavior, and may be allowed an additional deduction up to seven days per month served for acts of exceptional service during times of emergency or for performing duties of outstanding importance in connection with institutional operations and programs."

ADULT CORRECTIONAL INSTITUTIONS

"Education Programs at Department of Corrections Facilities: The Kentucky Community and Technical College System (KCTCS) shall provide adult basic education classes for the Department of Corrections which are aimed toward acquiring a general educational diploma (GED) and various technical trades aimed toward providing students with certifications and/or diplomas upon completion of qualifying examinations. The Department of Corrections may use training from providers other than KCTCS only in instances where a clearly defined educational or training need cannot be adequately addressed by KCTCS."

"Canteen Fund Proceeds: The Department of Corrections shall file semiannual reports with the Interim Joint Committee on Appropriations and Revenue detailing the revenues and expenditures from the Canteen Fund for each state-operated prison, private prison, and the central office of the department. The first report shall be due August 1, 2008, and shall provide financial information for the period of January 1, 2008, through June 30, 2008. Thereafter reports shall be filed every six months from the August 1, 2008, date."

"Expungement of Dismissed Inmate Disciplinary Reports at Department of Corrections Institutions: The warden of each Department of Corrections institution shall expunge inmate prison disciplinary reports that have been dismissed or otherwise ordered void, and shall further remove any reference to dismissed or voided disciplinary reports from inmate records."

"Correctional Facility Expansion: The Secretary of the Justice and Public Safety Cabinet shall develop and submit a plan to the Legislative Research Commission, for referral to the appropriate committee, which demonstrates the number of additional beds to be built by expanding any existing correctional facility, along with a proposal to decommission the same or a larger number of beds within the current system and reduce the population by the same number and classification of inmates that will inhabit any new or expanded facility. The Department of Corrections shall conduct a study to assess which existing facility would be best suited for expansion based on a cost benefit analysis, population assessment, and classification projection."

The General Assembly amends Part II, Capital Budget, by removing the language concerning the **"Expand Little Sandy Medium Security Correctional Complex"** project.

The General Assembly amends Part II, Capital Budget, to include \$1,500,000 in fiscal year 2009-2010 in Investment Income for Maintenance Pool - 2008-2010.

I - Justice and Public Safety Cabinet**Capital Budget****Adult Correctional Institutions**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				43,799,000	4,000,000	(39,799,000)			
Investment Income							2,000,000	1,500,000	(500,000)
TOTAL CAPITAL				43,799,000	4,000,000	(39,799,000)	2,000,000	1,500,000	(500,000)
II. CAPITAL PROJECTS									
1	Expand Little Sandy Medium Security Correctional Complex								
PRJ527C1647									
Bond Funds				39,799,000		(39,799,000)			
Project Total				39,799,000		(39,799,000)			
2	Maintenance Pool - 2008-2010								
PRJ527C1653									
Bond Funds				4,000,000	4,000,000				
Investment Income							2,000,000	1,500,000	(500,000)
Project Total				4,000,000	4,000,000		2,000,000	1,500,000	(500,000)
TOTAL CAPITAL				43,799,000	4,000,000	(39,799,000)	2,000,000	1,500,000	(500,000)

THIS PAGE INTENTIONALLY LEFT BLANK

I - Justice and Public Safety Cabinet**Operating Budget****Community Services and Local Facilities**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	148,727,800	148,727,800		145,576,800	146,076,800	500,000	151,410,300	149,410,300	(2,000,000)
Restricted Funds	1,869,000	1,869,000		2,799,800	2,799,800		2,796,500	2,796,500	
Federal Funds	305,400	305,400		65,000	65,000		15,000	15,000	
Regular Total Funds	150,902,200	150,902,200		148,441,600	148,941,600	500,000	154,221,800	152,221,800	(2,000,000)
Use of Continuing									
TOTAL FUNDS	150,902,200	150,902,200		148,441,600	148,941,600	500,000	154,221,800	152,221,800	(2,000,000)
II. EXPENDITURE CATEGORY									
Personnel Costs	32,681,000	32,681,000		33,449,500	33,449,500		34,447,700	34,447,700	
Operating Expenses	3,879,300	3,879,300		3,902,300	3,902,300		3,852,600	3,852,600	
Grants, Loans, Benefits	114,341,900	114,341,900		111,050,800	111,550,800	500,000	115,921,500	113,921,500	(2,000,000)
Capital Outlay				39,000	39,000				
TOTAL EXPENDITURES	150,902,200	150,902,200		148,441,600	148,941,600	500,000	154,221,800	152,221,800	(2,000,000)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	143,694,000	143,694,000		129,958,000	125,958,000	(4,000,000)	130,041,300	123,041,300	(7,000,000)
Restricted Funds	1,869,000	1,869,000		2,637,500	2,637,500		2,796,500	2,796,500	
Federal Funds	305,400	305,400		65,000	65,000		15,000	15,000	
Regular Total Funds	145,868,400	145,868,400		132,660,500	128,660,500	(4,000,000)	132,852,800	125,852,800	(7,000,000)
Use of Continuing									
TOTAL BASE LEVEL	145,868,400	145,868,400		132,660,500	128,660,500	(4,000,000)	132,852,800	125,852,800	(7,000,000)
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund	5,033,800	5,033,800		15,618,800	20,118,800	4,500,000	21,369,000	26,369,000	5,000,000
Restricted Funds				162,300	162,300				
TOTAL ADDITIONAL	5,033,800	5,033,800		15,781,100	20,281,100	4,500,000	21,369,000	26,369,000	5,000,000
V. ADDITIONAL BUDGET ITEMS									
1 EXPAN Probation and Parole Caseload Maintenance									
ABR527B0010 Provides funds to address Probation and Parole caseload growth.									
General Fund				773,000	773,000		1,671,700	1,671,700	
Project Total				773,000	773,000		1,671,700	1,671,700	
2 EXPAN Halfway House Program Expansion									
ABR527B0009 Provides funds for 140 halfway house beds in FY 09 and 200 in FY 10.									
General Fund				2,091,600	2,091,600		5,011,800	5,011,800	
Project Total				2,091,600	2,091,600		5,011,800	5,011,800	

I - Justice and Public Safety Cabinet**Operating Budget****Community Services and Local Facilities**

			Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
			Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
3	GB	Jail Program Growth									
ABR527B0008 Provides funds to house 417 additional inmates in county jails.											
General Fund			5,033,800	5,033,800							
Project Total			5,033,800	5,033,800							
4	EXPAN	Jail Program Expansion									
ABR527B0005 Provides funds to cover the daily costs of increasing the population of state inmates housed in county jails.											
General Fund						12,504,700	12,504,700		14,436,000	14,436,000	
Restricted Funds						162,300	162,300				
Project Total						12,667,000	12,667,000		14,436,000	14,436,000	
5	EXPAN	Home Incarceration									
ABR527B0014 Provides funds to expand the home incarceration program by 400 persons.											
General Fund						249,500	249,500		249,500	249,500	
Project Total						249,500	249,500		249,500	249,500	
6	EXPAN	Substance Abuse Treatment Programs									
ABR527B0015 Provides funds for substance abuse treatment for state felons housed in county jails.											
General Fund							4,500,000	4,500,000		5,000,000	5,000,000
Project Total							4,500,000	4,500,000		5,000,000	5,000,000
TOTAL ADDITIONAL			5,033,800	5,033,800		15,781,100	20,281,100	4,500,000	21,369,000	26,369,000	5,000,000

COMMUNITY SERVICES AND LOCAL FACILITIES

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Excess Local Jail Per Diem Costs: In the event that actual local jail per diem payments exceed the amounts provided to support the budgeted average daily population of state felons in county jails for fiscal year 2008-2009 and fiscal year 2009-2010, the payments shall be deemed necessary government expenses and may be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705), subject to notification as to necessity and amount by the State Budget Director who shall report any certified expenditure to the Interim Joint Committee on Appropriations and Revenue."

"Local Jails Funding: Notwithstanding KRS 441.605 to 441.695, funds in the amount of \$2,430,800 in fiscal year 2008-2009 and \$2,427,500 in fiscal year 2009-2010 shall be expended from the Kentucky Local Correctional Facilities Construction Authority for local correctional facility and operational support consistent with contractual covenants in accordance with bond indentures of the Authority."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly increases General Fund support totaling \$500,000 in fiscal year 2008-2009 for substance abuse treatment programs.

COMMUNITY SERVICES AND LOCAL FACILITIES

The General Assembly decreases General Fund support totaling \$2,000,000 in fiscal year 2009-2010 for housing prisoners in local jails.

The General Assembly amends Part I, Operating Budget, to include the following language provisions:

"Substance Abuse Treatment Programs: Included in the above General Fund appropriation is \$4,500,000 in additional funds in fiscal year 2008-2009 and \$5,000,000 in fiscal year 2009-2010 to provide substance abuse treatment for state felons housed in county jails and for the development and establishment of a secured substance abuse recovery program for persons suffering from substance abuse who have been charged with a felony offense."

"Probation and Parole Credit: Notwithstanding KRS 439.344, the period of time spent on parole shall count as a part of the prisoner's remaining unexpired sentence when it is used to determine a parolee's eligibility for a final discharge from parole as set out in subsection (5) of this section or when a parolee is returned as a parole violator for a violation other than a new felony conviction."

"Minimum Expiration of Sentence: Notwithstanding KRS 439.354, a final discharge shall be issued when the prisoner has been out of prison on parole a sufficient period of time to have been eligible for discharge from prison by minimum expiration of sentence had he not been paroled, provided before this date he had not absconded from parole supervision or that a warrant for parole violation had not been issued by the board."

"Home Incarceration: Notwithstanding KRS 532.260(1)(b), any person convicted of a nonviolent, nonsexual Class C or Class D felony who is serving a sentence in a state-operated prison, contract facility, or county jail may, at the discretion of the Commissioner of the Department of Corrections, be eligible to serve his or her sentence outside the walls of the detention facility under the terms of home incarceration using an approved monitoring device as defined in KRS 532.200, if the felon has 180 days or less to serve on his or her sentence or, at the discretion of the Commissioner and the approval by the Secretary of the Justice and Public Safety Cabinet, if the felon has more than 180 days to serve on his or her sentence. Any person serving a sentence on home incarceration may, at the discretion of the Commissioner of the Department of Corrections, be allowed to leave his or her premises for gainful employment, and a reasonable and appropriate amount of the wages earned each pay period shall be used to pay restitution or child support as required by the court."

"Administration of Home Incarceration: The Department of Corrections may enter into agreements with private vendors, county jails, or other competent providers to administer and monitor offenders placed under home incarceration."

COMMUNITY SERVICES AND LOCAL FACILITIES

"Additional Savings from Home Incarceration: If actions resulting from subsection (6) of this section achieve more savings than are contemplated in the appropriations provided in this Act, funds may be expended by the Department of Corrections to increase funding for drug treatment programs in county jails and for a secured substance abuse recovery program."

THIS PAGE INTENTIONALLY LEFT BLANK

I - Justice and Public Safety Cabinet**Operating Budget****Local Jail Support**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	15,749,000	15,749,000		14,040,000	15,940,000	1,900,000	14,040,000	15,940,000	1,900,000
Regular Total Funds	15,749,000	15,749,000		14,040,000	15,940,000	1,900,000	14,040,000	15,940,000	1,900,000
Use of Continuing	205,600	205,600							
TOTAL FUNDS	15,954,600	15,954,600		14,040,000	15,940,000	1,900,000	14,040,000	15,940,000	1,900,000
II. EXPENDITURE CATEGORY									
Personnel Costs	34,700	34,700		34,700	34,700		34,700	34,700	
Operating Expenses	447,000	447,000		447,000	447,000		447,000	447,000	
Grants, Loans, Benefits	15,472,900	15,472,900		13,558,300	15,458,300	1,900,000	13,558,300	15,458,300	1,900,000
TOTAL EXPENDITURES	15,954,600	15,954,600		14,040,000	15,940,000	1,900,000	14,040,000	15,940,000	1,900,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	15,749,000	15,749,000		14,040,000	14,040,000		14,040,000	14,040,000	
Regular Total Funds	15,749,000	15,749,000		14,040,000	14,040,000		14,040,000	14,040,000	
Use of Continuing	205,600	205,600							
TOTAL BASE LEVEL	15,954,600	15,954,600		14,040,000	14,040,000		14,040,000	14,040,000	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund					1,900,000	1,900,000		1,900,000	1,900,000
TOTAL ADDITIONAL					1,900,000	1,900,000		1,900,000	1,900,000
V. ADDITIONAL BUDGET ITEMS									
1 GB Restore Base Funding									
ABR527D0003 Restores base funding for FY 2009 and FY 2010 for continuation of current services.									
General Fund					1,900,000	1,900,000		1,900,000	1,900,000
Project Total					1,900,000	1,900,000		1,900,000	1,900,000
TOTAL ADDITIONAL					1,900,000	1,900,000		1,900,000	1,900,000

LOCAL JAIL SUPPORT

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes a language provision that directs:

"Inmate Medical Care Expense: Included in the above General Fund appropriation is \$931,100 in fiscal year 2008-2009 and \$931,100 in fiscal year 2009-2010 for medical care contracts to be distributed, upon approval of the Department of Corrections, to counties by the formula codified in KRS 441.206, and \$295,900 in fiscal year 2008-2009 and \$295,900 in fiscal year 2009-2010, on a partial reimbursement basis, for medical claims in excess of the statutory threshold pursuant to KRS 441.045. The funding support for medical contracts and catastrophic medical expenses for indigents shall be maintained in discrete accounts. Any medical claim which exceeds the statutory threshold may be reimbursed for that amount in excess of the statutory threshold. In no event shall this apply to expenses of an elective, as opposed to emergency, basis, and expenses shall be paid according to the Kentucky Medical Assistance Schedule."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly increases General Fund support totaling \$1,900,000 in each fiscal year for local jail support.

The General Assembly amends Part I, Operating Budget, to include the following language provision:

"Local Jail Support: Included in the above General Fund appropriation is \$960,000 in each fiscal year of the biennium to provide a

LOCAL JAIL SUPPORT

monthly payment of an annual amount of \$20,000 to each county with a life safety jail or a closed jail. The payment shall be in addition to the monthly payment required by KRS 441.206(2)."

THIS PAGE INTENTIONALLY LEFT BLANK

I - Justice and Public Safety Cabinet**Operating Budget****Vehicle Enforcement**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	46,600	46,600							
Restricted Funds	1,250,000	1,250,000		1,461,600	1,461,600		1,461,600	1,461,600	
Federal Funds	6,337,400	6,337,400		6,071,000	6,071,000		6,054,200	6,054,200	
Road Fund	13,881,500	13,881,500		13,881,500	13,881,500		13,881,500	13,881,500	
Regular Total Funds	21,515,500	21,515,500		21,414,100	21,414,100		21,397,300	21,397,300	
Use of Continuing									
TOTAL FUNDS	21,515,500	21,515,500		21,414,100	21,414,100		21,397,300	21,397,300	
II. EXPENDITURE CATEGORY									
Personnel Costs	14,603,200	14,603,200		14,635,000	14,635,000		15,072,800	15,072,800	
Operating Expenses	5,343,700	5,343,700		5,543,500	5,543,500		5,088,900	5,088,900	
Grants, Loans, Benefits	667,700	667,700		668,200	668,200		668,200	668,200	
Capital Outlay	900,900	900,900		567,400	567,400		567,400	567,400	
TOTAL EXPENDITURES	21,515,500	21,515,500		21,414,100	21,414,100		21,397,300	21,397,300	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	46,600	46,600							
Restricted Funds	1,250,000	1,250,000		1,461,600	1,461,600		1,461,600	1,461,600	
Federal Funds	6,337,400	6,337,400		6,071,000	6,071,000		6,054,200	6,054,200	
Road Fund	13,881,500	13,881,500		13,881,500	13,881,500		13,881,500	13,881,500	
Regular Total Funds	21,515,500	21,515,500		21,414,100	21,414,100		21,397,300	21,397,300	
Use of Continuing									
TOTAL BASE LEVEL	21,515,500	21,515,500		21,414,100	21,414,100		21,397,300	21,397,300	

VEHICLE ENFORCEMENT

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Vehicle Enforcement Officers' Training Incentive: Included in the above Restricted Funds appropriation is sufficient funding to provide a \$3,100 annual training incentive stipend for vehicle enforcement officers."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

I - Justice and Public Safety Cabinet**Operating Budget****Public Advocacy**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	34,166,200	33,967,200	(199,000)	32,940,100	31,741,100	(1,199,000)	34,378,400	35,679,400	1,301,000
Restricted Funds	4,491,000	4,491,000		4,301,900	4,301,900		4,300,000	4,300,000	
Federal Funds	1,713,100	1,713,100		1,783,300	1,783,300		1,661,100	1,661,100	
Regular Total Funds	40,370,300	40,171,300	(199,000)	39,025,300	37,826,300	(1,199,000)	40,339,500	41,640,500	1,301,000
Use of Continuing									
TOTAL FUNDS	40,370,300	40,171,300	(199,000)	39,025,300	37,826,300	(1,199,000)	40,339,500	41,640,500	1,301,000
II. EXPENDITURE CATEGORY									
Personnel Costs	29,908,600	29,709,600	(199,000)	28,015,700	26,816,700	(1,199,000)	29,297,900	30,098,900	801,000
Operating Expenses	4,393,000	4,393,000		4,513,600	4,513,600		4,545,600	5,045,600	500,000
Grants, Loans, Benefits	6,068,700	6,068,700		6,496,000	6,496,000		6,496,000	6,496,000	
TOTAL EXPENDITURES	40,370,300	40,171,300	(199,000)	39,025,300	37,826,300	(1,199,000)	40,339,500	41,640,500	1,301,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	32,166,200	32,166,200		31,140,100	31,140,100		32,578,400	32,578,400	
Restricted Funds	4,455,800	4,455,800		4,301,900	4,301,900		4,300,000	4,300,000	
Federal Funds	1,713,100	1,713,100		1,783,300	1,783,300		1,661,100	1,661,100	
Regular Total Funds	38,335,100	38,335,100		37,225,300	37,225,300		38,539,500	38,539,500	
Use of Continuing									
TOTAL BASE LEVEL	38,335,100	38,335,100		37,225,300	37,225,300		38,539,500	38,539,500	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund	2,000,000	1,801,000	(199,000)	1,800,000	601,000	(1,199,000)	1,800,000	3,101,000	1,301,000
Restricted Funds	35,200	35,200							
TOTAL ADDITIONAL	2,035,200	1,836,200	(199,000)	1,800,000	601,000	(1,199,000)	1,800,000	3,101,000	1,301,000
V. ADDITIONAL BUDGET ITEMS									
1 GB Lexington Public Defender Office									
ABR515B0014 Provides funding for fiscal years 2008, 2009, and 2010.									
General Fund	800,000	601,000	(199,000)	1,800,000	601,000	(1,199,000)	1,800,000	601,000	(1,199,000)
Project Total	800,000	601,000	(199,000)	1,800,000	601,000	(1,199,000)	1,800,000	601,000	(1,199,000)

I - Justice and Public Safety Cabinet**Operating Budget****Public Advocacy**

		Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
		Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
2	GB Conflict Contract Rate Increase									
ABR515B0012	Provides funds to increase the amount paid to outside attorneys for handling cases when DPA attorneys are faced with a conflict of interest.									
General Fund		454,000	454,000							
Restricted Funds		35,200	35,200							
Project Total		489,200	489,200							
3	GB Fiscal Year 2006-2007 Costs									
ABR515B0019	Provides funds to cover costs incurred in FY 2007 and carried forward to FY 2008.									
General Fund		746,000	746,000							
Project Total		746,000	746,000							
4	EXPAN Defense Services for Indigents									
ABR515B0020	Provides funds for additional personnel to defend indigent clients.									
General Fund									2,500,000	2,500,000
Project Total									2,500,000	2,500,000
TOTAL ADDITIONAL		2,035,200	1,836,200	(199,000)	1,800,000	601,000	(1,199,000)	1,800,000	3,101,000	1,301,000

PUBLIC ADVOCACY

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Compensatory Leave Conversion to Sick Leave: If the Department of Public Advocacy determines that internal budgetary pressures warrant further austerity measures, the Public Advocate may institute a policy to suspend payment of 50 hour blocks of compensatory time for those attorneys who have accumulated 240 hours of compensatory time and instead convert those hours to sick leave."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly decreases General Fund support totaling \$199,000 in fiscal year 2007-2008 and \$1,199,000 in fiscal year 2008-2009 for the operations of the Department of Public Advocacy.

The General Assembly increases General Fund support totaling \$1,301,000 in fiscal year 2009-2010 for the operations of the Department of Public Advocacy.

The General Assembly amends Part I, Operating Budget, to include the following language provision:

"Lexington Public Defender's Office: Included in the above General Fund appropriation is \$1,570,000 in fiscal year 2007-2008 and

PUBLIC ADVOCACY

\$1,570,000 in each fiscal year of the 2008-2010 biennium for the operation of the Lexington Public Defender's Office."

I - Justice and Public Safety Cabinet**Capital Budget****Public Advocacy**

Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference

II. CAPITAL PROJECTS**1 Franklin County - Lease**

PRJ515B5000

General Fund

Project Total**TOTAL CAPITAL**

THIS PAGE INTENTIONALLY LEFT BLANK

J - Personnel

THIS PAGE INTENTIONALLY LEFT BLANK

Table of Contents

J - Personnel

General Operations	J - 7
Public Employees Deferred Compensation Authority	J - 11
Workers' Compensation Benefits and Reserve	J - 13
State Salary and Compensation Fund	J - 15
State Group Health Insurance Fund	J - 19

THIS PAGE INTENTIONALLY LEFT BLANK

J - Personnel**Operating Budget****Summary Totals**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	(1,080,100)	(1,080,100)		2,380,700	16,075,000	13,694,300	2,380,700	31,642,900	29,262,200
Restricted Funds	50,251,200	50,251,200		53,881,200	54,181,200	300,000	55,251,900	55,551,900	300,000
Regular Total Funds	49,171,100	49,171,100		56,261,900	70,256,200	13,994,300	57,632,600	87,194,800	29,562,200
Use of Continuing	3,842,500	3,842,500							
TOTAL FUNDS	53,013,600	53,013,600		56,261,900	70,256,200	13,994,300	57,632,600	87,194,800	29,562,200

II. EXPENDITURE CATEGORY

Personnel Costs	46,408,000	46,408,000		49,898,700	63,893,000	13,994,300	52,009,600	81,571,800	29,562,200
Operating Expenses	6,518,800	6,518,800		6,243,100	6,243,100		5,508,800	5,508,800	
Capital Outlay	86,800	86,800		120,100	120,100		114,200	114,200	
TOTAL EXPENDITURES	53,013,600	53,013,600		56,261,900	70,256,200	13,994,300	57,632,600	87,194,800	29,562,200

III. BASE LEVEL BUDGET BY FUND SOURCE

General Fund	(1,080,100)	(1,080,100)		2,380,700	2,080,700	(300,000)	2,380,700	2,080,700	(300,000)
Restricted Funds	50,251,200	50,251,200		52,213,800	52,513,800	300,000	52,727,400	53,027,400	300,000
Regular Total Funds	49,171,100	49,171,100		54,594,500	54,594,500		55,108,100	55,108,100	
Use of Continuing	3,842,500	3,842,500							
TOTAL BASE LEVEL	53,013,600	53,013,600		54,594,500	54,594,500		55,108,100	55,108,100	

IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE

General Fund					13,994,300	13,994,300		29,562,200	29,562,200
Restricted Funds				1,667,400	1,667,400		2,524,500	2,524,500	
TOTAL ADDITIONAL				1,667,400	15,661,700	13,994,300	2,524,500	32,086,700	29,562,200

J - Personnel

Capital Budget

Summary Totals

Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

PERSONNEL OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Operations	20,849,300	20,849,300		22,114,700	22,114,700		21,605,000	21,605,000	
Public Employees Deferred Compensation Authority	6,172,400	6,172,400		6,930,400	6,930,400		7,236,200	7,236,200	
Workers' Compensation Benefits and Reserve	23,653,900	23,653,900		25,136,100	25,136,100		26,710,700	26,710,700	
State Salary and Compensation Fund	(3,842,500)	(3,842,500)			13,994,300	13,994,300		29,562,200	29,562,200
State Group Health Insurance Fund	2,338,000	2,338,000		2,080,700	2,080,700		2,080,700	2,080,700	
Regular Appropriation	49,171,100	49,171,100		56,261,900	70,256,200	13,994,300	57,632,600	87,194,800	29,562,200

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

PERSONNEL OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Operations	424,400	424,400		300,000		(300,000)	300,000		(300,000)
State Salary and Compensation Fund	(3,842,500)	(3,842,500)			13,994,300	13,994,300		29,562,200	29,562,200
State Group Health Insurance Fund	2,338,000	2,338,000		2,080,700	2,080,700		2,080,700	2,080,700	
Regular Appropriation	(1,080,100)	(1,080,100)		2,380,700	16,075,000	13,694,300	2,380,700	31,642,900	29,262,200

GENERAL FUND

CONTINUED RESERVE SPENDING SUMMARY BY APPROPRIATION UNIT

State Salary and Compensation Fund	3,842,500	3,842,500	
Reserve Spending	3,842,500	3,842,500	

FB 2008-2010 FINAL BUDGET MEMORANDUM - 2008 REGULAR SESSION OF THE GENERAL ASSEMBLY

PERSONNEL OPERATING BUDGET

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
RESTRICTED FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Operations	20,424,900	20,424,900		21,814,700	22,114,700	300,000	21,305,000	21,605,000	300,000
Public Employees Deferred Compensation Authority	6,172,400	6,172,400		6,930,400	6,930,400		7,236,200	7,236,200	
Workers' Compensation Benefits and Reserve	23,653,900	23,653,900		25,136,100	25,136,100		26,710,700	26,710,700	
Regular Appropriation	50,251,200	50,251,200		53,881,200	54,181,200	300,000	55,251,900	55,551,900	300,000

THIS PAGE INTENTIONALLY LEFT BLANK

J - Personnel**Operating Budget****General Operations**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	424,400	424,400		300,000		(300,000)	300,000		(300,000)
Restricted Funds	20,424,900	20,424,900		21,814,700	22,114,700	300,000	21,305,000	21,605,000	300,000
Regular Total Funds	20,849,300	20,849,300		22,114,700	22,114,700		21,605,000	21,605,000	
Use of Continuing									
TOTAL FUNDS	20,849,300	20,849,300		22,114,700	22,114,700		21,605,000	21,605,000	
II. EXPENDITURE CATEGORY									
Personnel Costs	15,614,000	15,614,000		16,954,500	16,954,500		17,199,400	17,199,400	
Operating Expenses	5,212,200	5,212,200		5,048,700	5,048,700		4,296,500	4,296,500	
Capital Outlay	23,100	23,100		111,500	111,500		109,100	109,100	
TOTAL EXPENDITURES	20,849,300	20,849,300		22,114,700	22,114,700		21,605,000	21,605,000	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	424,400	424,400		300,000		(300,000)	300,000		(300,000)
Restricted Funds	20,424,900	20,424,900		20,905,300	21,205,300	300,000	19,844,300	20,144,300	300,000
Regular Total Funds	20,849,300	20,849,300		21,205,300	21,205,300		20,144,300	20,144,300	
Use of Continuing									
TOTAL BASE LEVEL	20,849,300	20,849,300		21,205,300	21,205,300		20,144,300	20,144,300	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
Restricted Funds				909,400	909,400		1,460,700	1,460,700	
TOTAL ADDITIONAL				909,400	909,400		1,460,700	1,460,700	
V. ADDITIONAL BUDGET ITEMS									
1 EXPAN KHRIS Project Implementation									
ABR55A00009 Provides funds for the implementation and operation of the new Personnel System.									
Restricted Funds				828,700	828,700		998,200	998,200	
Project Total				828,700	828,700		998,200	998,200	
2 NEW DEI KHRIS Hosting and Software Maintenance									
ABR55A00008 Provides funds to support the Employee Insurance portion of the operational cost of the new Personnel System.									
Restricted Funds				67,200	67,200		431,000	431,000	
Project Total				67,200	67,200		431,000	431,000	

J - Personnel**Operating Budget****General Operations**

Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
3 GB Flexible Spending Growth								
ABR55A00007 Provides funds to support the additional operational cost for FSA accounts for increased number of participants.								
Restricted Funds			13,500	13,500		31,500	31,500	
Project Total			13,500	13,500		31,500	31,500	
TOTAL ADDITIONAL			909,400	909,400		1,460,700	1,460,700	

TRANSFERS TO THE GENERAL FUND**General Operations**

Agency Revenue Fund	97,600	97,600
Other Special Revenue Fund	209,000	209,000
TOTAL	306,600	306,600

GENERAL OPERATIONS

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from General Operations, Agency Revenue Funds of \$97,600 and Other Special Revenue Funds of \$209,000 in fiscal year 2007-2008.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly does not appropriate any General Fund moneys to this appropriation unit in fiscal year 2008-2009 or fiscal year 2009-2010.

THIS PAGE INTENTIONALLY LEFT BLANK

J - Personnel**Operating Budget****Public Employees Deferred Compensation Authority**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
Restricted Funds	6,172,400	6,172,400		6,930,400	6,930,400		7,236,200	7,236,200	
Regular Total Funds	6,172,400	6,172,400		6,930,400	6,930,400		7,236,200	7,236,200	
Use of Continuing									
TOTAL FUNDS	6,172,400	6,172,400		6,930,400	6,930,400		7,236,200	7,236,200	
II. EXPENDITURE CATEGORY									
Personnel Costs	5,626,400	5,626,400		6,475,500	6,475,500		6,774,800	6,774,800	
Operating Expenses	484,900	484,900		446,300	446,300		456,300	456,300	
Capital Outlay	61,100	61,100		8,600	8,600		5,100	5,100	
TOTAL EXPENDITURES	6,172,400	6,172,400		6,930,400	6,930,400		7,236,200	7,236,200	
III. BASE LEVEL BUDGET BY FUND SOURCE									
Restricted Funds	6,172,400	6,172,400		6,172,400	6,172,400		6,172,400	6,172,400	
Regular Total Funds	6,172,400	6,172,400		6,172,400	6,172,400		6,172,400	6,172,400	
Use of Continuing									
TOTAL BASE LEVEL	6,172,400	6,172,400		6,172,400	6,172,400		6,172,400	6,172,400	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
Restricted Funds				758,000	758,000		1,063,800	1,063,800	
TOTAL ADDITIONAL				758,000	758,000		1,063,800	1,063,800	
V. ADDITIONAL BUDGET ITEMS									
1 GB Deferred Comp Growth									
ABR55B00003 Provides funds to support the additional support cost of plan participant growth.									
Restricted Funds				758,000	758,000		1,063,800	1,063,800	
Project Total				758,000	758,000		1,063,800	1,063,800	
TOTAL ADDITIONAL				758,000	758,000		1,063,800	1,063,800	

PUBLIC EMPLOYEES DEFERRED COMPENSATION AUTHORITY

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

J - Personnel**Operating Budget****Workers' Compensation Benefits and Reserve**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
Restricted Funds	23,653,900	23,653,900		25,136,100	25,136,100		26,710,700	26,710,700	
Regular Total Funds	23,653,900	23,653,900		25,136,100	25,136,100		26,710,700	26,710,700	
Use of Continuing									
TOTAL FUNDS	23,653,900	23,653,900		25,136,100	25,136,100		26,710,700	26,710,700	
II. EXPENDITURE CATEGORY									
Personnel Costs	22,829,600	22,829,600		24,388,000	24,388,000		25,954,700	25,954,700	
Operating Expenses	821,700	821,700		748,100	748,100		756,000	756,000	
Capital Outlay	2,600	2,600							
TOTAL EXPENDITURES	23,653,900	23,653,900		25,136,100	25,136,100		26,710,700	26,710,700	
III. BASE LEVEL BUDGET BY FUND SOURCE									
Restricted Funds	23,653,900	23,653,900		25,136,100	25,136,100		26,710,700	26,710,700	
Regular Total Funds	23,653,900	23,653,900		25,136,100	25,136,100		26,710,700	26,710,700	
Use of Continuing									
TOTAL BASE LEVEL	23,653,900	23,653,900		25,136,100	25,136,100		26,710,700	26,710,700	

WORKERS' COMPENSATION BENEFITS AND RESERVE

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

J - Personnel**Operating Budget****State Salary and Compensation Fund**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	(3,842,500)	(3,842,500)			13,994,300	13,994,300		29,562,200	29,562,200
Regular Total Funds	(3,842,500)	(3,842,500)			13,994,300	13,994,300		29,562,200	29,562,200
Use of Continuing	3,842,500	3,842,500							
TOTAL FUNDS					13,994,300	13,994,300		29,562,200	29,562,200
II. EXPENDITURE CATEGORY									
Personnel Costs					13,994,300	13,994,300		29,562,200	29,562,200
TOTAL EXPENDITURES					13,994,300	13,994,300		29,562,200	29,562,200
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	(3,842,500)	(3,842,500)							
Regular Total Funds	(3,842,500)	(3,842,500)							
Use of Continuing	3,842,500	3,842,500							
TOTAL BASE LEVEL									
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund					13,994,300	13,994,300		29,562,200	29,562,200
TOTAL ADDITIONAL					13,994,300	13,994,300		29,562,200	29,562,200
V. ADDITIONAL BUDGET ITEMS									
1 NEW KRS Employer Contribution Supplement Pool									
ABR55ZZ0001	Provides General Fund required for increased retirement contribution required by HB 600 SCS for distribution to state agencies and other KERS Employers including State Police.								
General Fund					13,994,300	13,994,300		29,562,200	29,562,200
Project Total					13,994,300	13,994,300		29,562,200	29,562,200
TOTAL ADDITIONAL					13,994,300	13,994,300		29,562,200	29,562,200

STATE SALARY AND COMPENSATION FUND

BRANCH BUDGET

The Branch made no provisions for this appropriation unit in the recommended Executive Budget for fiscal year 2008-2009 or fiscal year 2009-2020.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly includes a General Fund appropriation of \$13,994,300 in fiscal year 2008-2009 and \$29,562,200 in fiscal year 2009-2010, for the Kentucky Retirement System Employer Contribution Supplement Pool, in the Part I, Operating Budget.

The General Assembly amends Part I, Operating Budget, by adding the following language:

"Kentucky Retirement System Employer Contribution Supplement: The above General Fund appropriation provides a pool of funds to be allocated and distributed to employers of members of the Kentucky Employees Retirement System in hazardous and nonhazardous positions and employers of members of the State Police Retirement System to provide the required General Fund match for the increased employer contribution rates contained in and in accordance with the procedures contained in Part IV, State Salary/Compensation and Employment Policy, of this Act. The Secretary of the Personnel Cabinet shall provide a quarterly report to the Interim Joint Committee on Appropriations and Revenue of the distribution of funds from this appropriation."

"Use of Funds: No funds shall be distributed from the Kentucky Retirement System Employer Contribution Supplement of the State Salary and Compensation Fund, as set forth in subsection (1) of this section, unless the 2008 General Assembly adopts the provisions contained in 08 RS HB 600/SCS. If the funds appropriated to the State Salary and Compensation Fund are prohibited from distribution as a Kentucky Retirement System Employer Contribution Supplement those funds shall be transferred to the Budget Reserve Trust Fund at the end of each fiscal year." Note: HB 600/SCS did not pass.

The General Assembly sustains the following Veto Message from the Governor of the Commonwealth:

Veto # 7 of HB 406 - *"I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:*

Page 99, lines 24 through 27 in their entirety.

Page 100, lines 1 through 3 in their entirety.

STATE SALARY AND COMPENSATION FUND

I am vetoing this part because the increased employer contribution rates are already set forth in Part IV of House Bill 406; therefore, there is no need to tie the distribution of the funds to another piece of legislation. This part directs that no funds shall be distributed from the Kentucky Retirement System Employer Contribution Supplement of the State Salary and Compensation Fund unless the 2008 General Assembly adopts the provisions contained in 08 RS HB 600/SCS. The amounts appropriated to the State Salary and Compensation Fund are to provide the General Fund share of the increased employer contribution rates to the Kentucky Employees Retirement Systems for nonhazardous duty employees, hazardous duty employees, and employees of the State Police Retirement System, contained in Part IV, State Salary/Compensation and Employment Policy of House Bill 406."

THIS PAGE INTENTIONALLY LEFT BLANK

J - Personnel**Operating Budget****State Group Health Insurance Fund**

	Fiscal Year 2007-2008			Fiscal Year 2008-2009			Fiscal Year 2009-2010		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	2,338,000	2,338,000		2,080,700	2,080,700		2,080,700	2,080,700	
Regular Total Funds	2,338,000	2,338,000		2,080,700	2,080,700		2,080,700	2,080,700	
Use of Continuing									
TOTAL FUNDS	2,338,000	2,338,000		2,080,700	2,080,700		2,080,700	2,080,700	
II. EXPENDITURE CATEGORY									
Personnel Costs	2,338,000	2,338,000		2,080,700	2,080,700		2,080,700	2,080,700	
TOTAL EXPENDITURES	2,338,000	2,338,000		2,080,700	2,080,700		2,080,700	2,080,700	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	2,338,000	2,338,000		2,080,700	2,080,700		2,080,700	2,080,700	
Regular Total Funds	2,338,000	2,338,000		2,080,700	2,080,700		2,080,700	2,080,700	
Use of Continuing									
TOTAL BASE LEVEL	2,338,000	2,338,000		2,080,700	2,080,700		2,080,700	2,080,700	

STATE GROUP HEALTH INSURANCE FUND

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon reduced fiscal year 2007-2008 funding levels as revised by the General Fund Budget Reduction Order 08-01. This Order reduced General Fund appropriations by \$65,262,416 and Restricted Funds appropriations by \$8,873,600 in fiscal year 2007-2008. The Order also increased resources to the General Fund through additional fund transfers of \$42,324,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill continues services and statutory programs in the 2008-2010 fiscal biennium based upon mandatory General Fund lapses of \$174,143,584 in fiscal year 2007-2008, \$2,500,000 in fiscal year 2008-2009, and \$2,250,000 in fiscal year 2009-2010.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy, addresses salary increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget, includes language provisions that direct:

"Group Health Insurance: The above General Fund appropriation is provided to support a dependent subsidy for full-time employees of quasi-governmental employers, excluding state agencies, participating in the State Group Health Insurance program. To participate in this fund, each quasi-governmental employer must certify to the Secretary of the Personnel Cabinet that no funds received from the pool are being utilized to fund any benefits for persons other than full-time employees."

GENERAL ASSEMBLY

The Conference concurs with the Branch.